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ABSTRACT

The purpose of the oversight hearings held by the House of Representatives' Select Subcommittee on Education, reported in the document, was to examine the administration's proposed methods of implementation of the new provisions of Public Law 93-1126 (the Rehabilitation Act of 1973) and particularly the organizational structure within the Rehabilitation Service, as well as regional and State offices, to determine how new developments might affect the delivery of rehabilitation services to handicapped persons. Attention at the hearing was focused on the Arizona State plan, involving administrative reorganization and DHEW Social and Rehabilitation Service (SRS) grants. The testimony given by a panel of SRS administrators, prepared statements, letters, and supplemental material including organizational charts of the SRS Office of Field Operations and 10 regional charts appear in the document, and the text of the Rehabilitation Act of 1973 is given. (AJ)

ED 099605

VOCATIONAL REHABILITATION SERVICES

OVERSIGHT HEARINGS

BEFORE THE

SELECT SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

FUTURE DIRECTIONS OF THE REHABILITATION SERVICES ADMINISTRATION

Part 2

HEARINGS HELD IN WASHINGTON, D.C.,
NOVEMBER 30 AND DECEMBER 10, 1973

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

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VOCATIONAL REHABILITATION SERVICES

FRIDAY, NOVEMBER 30, 1973

House of Representatives,
Select Subcommittee on Education
of the Committee on Education and Labor,
Washington D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2175, Rayburn House Office Building, Hon. John Brademas (chairman of the subcommittee) presiding.

Representatives present: Brademas, Perkins, Lehman, Hansen, Peyser, and Quie.

Staff present: Jack G. Duncan, counsel; James S. Harvey, assistant staff director; Dr. Martin LaVor, minority legislative associate.

[Text of Public Law 93-112 follows:]

Public Law 93-112
93rd Congress, H. R. 8070
September 26, 1973

An Act

To replace the Vocational Rehabilitation Act, to extend and revise the authorization of grants to States for vocational rehabilitation services, with special emphasis on services to those with the most severe handicaps, to expand special Federal responsibilities and research and training programs with respect to handicapped individuals, to establish special responsibilities in the Secretary of Health, Education, and Welfare for coordination of all programs with respect to handicapped individuals within the Department of Health, Education, and Welfare, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Rehabilitation Act of 1973":

Rehabilitation Act of 1973.
87 STAT. 355
87 STAT. 356

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Sec. 2. Declaration of purpose.
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Sec. 6. Consolidated rehabilitation plan.
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Sec. 502. Architectural and Transportation Barriers Compliance Board.
Sec. 503. Employment under Federal contracts.
Sec. 504. Nondiscrimination under Federal grants.

87 STAT. 356

87 STAT. 357

DECLARATION OF PURPOSE

Sec. 2. The purpose of this Act is to provide a statutory basis for the Rehabilitation Services Administration, and to authorize programs to—

(1) develop and implement comprehensive and continuing State plans for meeting the current and future needs for providing vocational rehabilitation services to handicapped individuals and to provide such services for the benefit of such individuals, serving first those with the most severe handicaps, so that they may prepare for and engage in gainful employment;

(2) evaluate the rehabilitation potential of handicapped individuals;

(3) conduct a study to develop methods of providing rehabilitation services to meet the current and future needs of handicapped individuals for whom a vocational goal is not possible or feasible so that they may improve their ability to live with greater independence and self-sufficiency;

(4) assist in the construction and improvement of rehabilitation facilities;

(5) develop new and innovative methods of applying the most advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems and develop new and innovative methods of providing rehabilitation services to handicapped individuals through research, special projects, and demonstrations;

(6) initiate and expand services to groups of handicapped individuals (including those who are homebound or institutionalized) who have been underserved in the past;

(7) conduct various studies and experiments to focus on long neglected problem areas;

(8) promote and expand employment opportunities in the public and private sectors for handicapped individuals and to place such individuals in employment;

(9) establish client assistance pilot projects;

(10) provide assistance for the purpose of increasing the number of rehabilitation personnel and increasing their skills through training; and

(11) evaluate existing approaches to architectural and transportation barriers confronting handicapped individuals, develop new such approaches, enforce statutory and regulatory standards and requirements regarding barrier-free construction of public facilities and study and develop solutions to existing architectural and transportation barriers impeding handicapped individuals.

REHABILITATION SERVICES ADMINISTRATION

Establishment.

87 STAT. 357

87 STAT. 358

Post, pp. 385, 390.

Delegation of functions, submittal of plan to Congress.

SEC. 3. (a) There is established in the Department of Health, Education, and Welfare a Rehabilitation Services Administration which shall be headed by a Commissioner (hereinafter in this Act referred to as the "Commissioner") appointed by the President. Except for titles IV and V and as otherwise specifically provided in this Act, such Administration shall be the principal agency for carrying out this Act. The Secretary shall not approve any delegation of the functions of the Commissioner to any other officer not directly responsible to the Commissioner unless the Secretary shall first submit a plan for such delegation to the Congress. Such delegation is effective at the end of the first period of sixty calendar days of continuous session of Congress after the date on which the plan for such delegation is transmitted to it: *Provided, however*, That within thirty days of such transmittal, the Secretary shall consult with the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives respecting such proposed delegation. For the purposes of this section, continuity of session is broken only by an adjournment of Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day and sixty-day periods.

Research, coordination and consultation.

(b) The Secretary, through the Commissioner in coordination with other appropriate programs in the Department of Health, Education, and Welfare, in carrying out research under this Act shall establish the expertise and technological competence to, and shall, in consultation with, the National Science Foundation and the National Academy of Sciences develop and support, and stimulate the development and utilization (including production and distribution of new and existing devices) of, innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems, and be responsible for carrying out the activities described in section 202(b)(2).

Post, p. 375.

(c) The Secretary shall take whatever action is necessary to insure that funds appropriated pursuant to this Act, as well as unexpended appropriations for carrying out the Vocational Rehabilitation Act (29 U.S.C. 31-42), are expended only for the programs, personnel, and administration of programs carried out under this Act.

68 Stat. 652.

ADVANCE FUNDING

SEC. 4. (a) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(b) In order to effect a transition to the advance funding method of timing appropriation action, the authority provided by subsection (a) of this section shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

JOINT FUNDING

SEC. 5. Pursuant to regulations prescribed by the President, and to the extent consistent with the other provisions of this Act, where funds are provided for a single project by more than one Federal agency to an agency or organization assisted under this Act, the Federal agency principally involved may be designated to act for all in administering the funds provided, and, in such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency. When the principal agency involved is the Rehabilitation Services Administration, it may waive any grant or contract requirement (as defined by such regulations) under or pursuant to any law other than this Act, which requirement is inconsistent with the similar requirements of the administering agency under or pursuant to this Act.

CONSOLIDATED REHABILITATION PLAN

Election by State; agency concurrence.

SEC. 6. (a) In order to secure increased flexibility to respond to the varying needs and local conditions within the State, and in order to permit more effective and interrelated planning and operation of its rehabilitation programs, the State may submit a consolidated rehabilitation plan which includes the State's plan under section 101(a) of this Act and its program for persons with developmental disabilities under the Developmental Disabilities Services and Facilities Construction Amendments of 1970: *Provided*, That the agency administering such State's program under such Act concurs in the submission of such a consolidated rehabilitation plan.

Post, p. 363.

84 Stat. 1316. 42 USC 2670 note.

(b) Such a consolidated rehabilitation plan must comply with, and be administered in accordance with, all the requirements of this Act and the Developmental Disabilities Services and Facilities Construction Amendments of 1970. If the Secretary finds that all such requirements are satisfied, he may approve the plan to serve in all respects as the substitute for the separate plans which would otherwise be required with respect to each of the programs included therein, or he may advise the State to submit separate plans for such programs.

Noncompliance, assistance termination procedures.

(c) Findings of noncompliance in the administration of an approved consolidated rehabilitation plan, and any reductions, suspensions, or terminations of assistance as a result thereof, shall be carried out in accordance with the procedures set forth in subsections (c) and (d) of section 101 of this Act.

DEFINITIONS

SEC. 7. For the purposes of this Act:

(1) The term "construction" means the construction of new buildings, the acquisition, expansion, remodeling, alteration, and renovation of existing buildings, and initial equipment of such buildings, and the term "cost of construction" includes architects' fees and acquisition of land in connection with construction but does not include the cost of offsite improvements.

(2) The term "criminal act" means any crime, including an act, omission, or possession under the laws of the United States or a State or unit of general local government which poses a substantial threat of personal injury, notwithstanding that by reason of age, insanity, intoxication or otherwise the person engaging in the act, omission, or possession was legally incapable of committing a crime.

(3) The term "establishment of a rehabilitation facility" means the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to rehabilitation facility purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may determine, in accordance with regulations he shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of such facilities), and the initial equipment for such buildings, and may include the initial staffing thereof.

(4) The term "evaluation of rehabilitation potential" means, as appropriate in each case:

(A) a preliminary diagnostic study to determine that the individual has a substantial handicap to employment, and that vocational rehabilitation services are needed;

(B) a diagnostic study consisting of a comprehensive evaluation of pertinent medical, psychological, vocational, educational, cultural, social, and environmental factors which bear on the individual's handicap to employment and rehabilitation potential including, to the degree needed, an evaluation of the individual's personality, intelligence level, educational achievements, work experience, vocational aptitudes and interests, personal and social adjustments, employment opportunities, and other pertinent data helpful in determining the nature and scope of services needed;

(C) an appraisal of the individual's patterns of work behavior and ability to acquire occupational skill, and to develop work attitudes, work habits, work tolerance, and social and behavior patterns suitable for successful job performance, including the utilization of work, simulated or real, to assess and develop the individual's capacities to perform adequately in a work environment;

(D) any other goods or services provided for the purpose of ascertaining the nature of the handicap and whether it may reasonably be expected that the individual can benefit from vocational rehabilitation services;

(E) referral;

(F) the administration of these evaluation services; and

(G)(i) the provision of vocational rehabilitation services to any individual for a total period not in excess of eighteen months for the purpose of determining whether such individual is a handicapped individual, a handicapped individual for whom a vocational goal is not possible or feasible (as determined in accordance with section 102(c)), or neither such individual; and (ii) an assessment, at least once in every ninety-day period during which such services are provided, of the results of the provision of such services to an individual to ascertain whether any of the determinations described in subclause (i) may be made.

Post, p. 368.

(5) The term "Federal share" means 80 per centum, except that it shall mean 90 per centum for the purposes of part C of title I of this Act and as specifically set forth in section 301(b)(3): *Provided*, That with respect to payments pursuant to part B of title I of this Act to any State which are used to meet the costs of construction of those rehabilitation facilities identified in section 103(b)(2) in such State, the Federal share shall be the percentages determined in accordance with the provisions of section 301(b)(3) applicable with respect to that State and that, for the purpose of determining the non-Federal share with respect to any State, expenditures by a political subdivision thereof or by a local agency shall, subject to such limitations and conditions as the Secretary shall by regulation prescribe, be regarded as expenditures by such State.

Post, pp. 372, 377.
Post, p. 370.
Post, p. 368.

(6) The term "handicapped individual" means any individual who (A) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment and (B) can reasonably be expected to benefit in terms of employability from vocational rehabilitation services provided pursuant to titles I and III of this Act.

Post, pp. 363, 377.

(7) The term "local agency" means an agency of a unit of general local government or of an Indian tribal organization (or combination of such units or organizations) which has an agreement with the State agency designated pursuant to section 101(a)(1) to conduct a vocational rehabilitation program under the supervision of such State agency in accordance with the State plan approved under section 101. Nothing in the preceding sentence of this paragraph or in section 101 shall be construed to prevent the local agency from utilizing another local public or nonprofit agency to provide vocational rehabilitation services: *Provided*, That such an arrangement is made part of the agreement specified in this paragraph.

Post, p. 363.

(8) The term "nonprofit", when used with respect to a rehabilitation facility, means a rehabilitation facility owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954.

68A Stat. 163.
26 USC 501.

(9) The term "public safety officer" means a person serving the United States or a State or unit of general local government, with or without compensation, in any activity pertaining to—

(A) the enforcement of the criminal laws, including highway patrol, or the maintenance of civil peace by the National Guard or the Armed Forces,

(B) a correctional program, facility, or institution where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees,

(C) a court having criminal or juvenile delinquent jurisdiction where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees, or

(D) firefighting, fire prevention, or emergency rescue missions.

(10) The term "rehabilitation facility" means a facility which is operated for the primary purpose of providing vocational rehabilitation services to handicapped individuals, and which provides singly or in combination one or more of the following services for handicapped individuals: (A) vocational rehabilitation services which shall include, under one management, medical, psychological, social, and vocational services, (B) testing, fitting, or training in the use of prosthetic and orthotic devices, (C) prevocational conditioning or recreational therapy, (D) physical and occupational therapy, (E) speech and hearing therapy, (F) psychological and social services, (G) evaluation of rehabilitation potential, (H) personal and work adjustment, (I) vocational training with a view toward career advancement (in combination with other rehabilitation services), (J) evaluation or control of specific disabilities, (K) orientation and mobility services to the blind, and (L) extended employment for those handicapped individuals who cannot be readily absorbed in the competitive labor market, except that all medical and related health services must be prescribed by, or under the formal supervision of, persons licensed to prescribe or supervise the provision of such services in the State.

(11) The term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(12) The term "severe handicap" means the disability which requires multiple services over an extended period of time and results from amputation, blindness, cancer, cerebral palsy, cystic fibrosis, deafness, heart disease, hemiplegia, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, renal failure, respiratory or pulmonary dysfunction, and any other disability specified by the Secretary in regulations he shall prescribe.

(13) The term "State" includes the District of Columbia, the Virgin Islands, Puerto Rico, Guam, American Samoa, and the Trust Territory of the Pacific Islands, and for the purposes of American Samoa and the Trust Territory of the Pacific Islands, the appropriate State agency designated as provided in section 101(a)(1) shall be the Governor of American Samoa or the High Commissioner of the Trust Territory of the Pacific Islands, as the case may be.

Post, p. 363.

(14) The term "vocational rehabilitation services" means those services identified in section 103 which are provided to handicapped individuals under this Act.

Post, p. 368.

ALLOTMENT PERCENTAGE

SEC. 8. (a)(1) The allotment percentage for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum, and (B) the allotment percentage for the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands shall be 75 per centum.

Promulgation computation.

(2) The allotment percentages shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning on the July 1 next succeeding such promulgation.

"United States."

(3) The term "United States" means (but only for purposes of this subsection) the fifty States and the District of Columbia.

Population determination.

(b) The population of the several States and of the United States shall be determined on the basis of the most recent data available, to be furnished by the Department of Commerce by October 1 of the year preceding the fiscal year for which funds are appropriated pursuant to statutory authorizations.

AUDIT

SEC. 9. Each recipient of a grant or contract under this Act shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such grant or contract, the total cost of the project or undertaking in connection with which such grant or contract is made or funds thereunder used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such records as will facilitate an effective audit. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient of any grant or contract under this Act which are pertinent to such grant or contract.

NONDUPLICATION

Infra.

Prohibition.

SEC. 10. In determining the amount of any State's Federal share of expenditures for planning, administration, and services incurred by it under a State plan approved in accordance with section 101, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any other provision of law, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds. No payment may be made from funds provided under one provision of this Act relating to any cost with respect to which any payment is made under any other provision of this Act.

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

DECLARATION OF PURPOSE; AUTHORIZATION OF APPROPRIATIONS

Federal grants.

SEC. 100. (a) The purpose of this title is to authorize grants to assist States to meet the current and future needs of handicapped individuals, so that such individuals may prepare for and engage in gainful employment to the extent of their capabilities.

Post, p.370.

(b)(1) For the purpose of making grants to States under part B of this title to assist them in meeting costs of vocational rehabilitation services provided in accordance with State plans under section 101, there is authorized to be appropriated $650,000,000 for the fiscal year ending June 30, 1974, and $680,000,000 for the fiscal year ending June 30, 1975.

Post, p.372.

Post, p.374.

(2) For the purpose of carrying out part C of this title (relating to grants to States and public and nonprofit agencies to assist them in meeting the cost of projects to initiate or expand services to handicapped individuals, especially those with the most severe handicaps) and part D of this title (relating to the study of comprehensive service needs of individuals with the most severe handicaps), there is authorized to be appropriated $37,000,000 for the fiscal year ending June 30, 1974, and $39,000,000 for the fiscal year ending June 30, 1975, and there is further authorized to be appropriated for such purposes for each such year such additional sums as the Congress may determine to be necessary. Of the sums appropriated under this paragraph for each such fiscal year, $1,000,000 in each such year shall be available only for the purpose of carrying out Part D of this title.

STATE PLANS

SEC. 101. (a) For each fiscal year in which a State desires to participate in programs under this title, a State shall submit to the Secretary for his approval an annual plan for vocational rehabilitation services which shall—

State agency for plan administration, designation.

(1)(A) designate a State agency as the sole State agency to administer the plan, or to supervise its administration by a local agency, except that (i) where under the State's law the State agency for the blind or other agency which provides assistance or services to the adult blind, is authorized to provide vocational rehabilitation services to such individuals, such agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for the blind (or to supervise the administration of such part by a local agency) and a separate State agency may be designated as the sole State agency with respect to the rest of the State plan, and (ii) the Secretary, upon the request of a State, may authorize such agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to permit such agencies to carry out a joint program to provide services to handicapped individuals, and may waive compliance with respect to vocational rehabilitation services furnished under such programs with the requirement of clause (4) of this subsection that the plan be in effect in all political subdivisions of that State;

Waiver authority.

(B) provide that the State agency so designated to administer or supervise the administration of the State plan, or (if there are two State agencies designated under subclause (A) of this clause) to supervise or administer the part of the State plan that does not relate to services for the blind, shall be (i) a State agency primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of handicapped individuals, (ii) the State agency administering or supervising the administration of education or vocational education in the State, or (iii) a State agency which includes at least two other major organizational units each of which administers one or more of the major public education, public health, public welfare, or labor programs of the State;

(2) provide, except in the case of agencies described in clause (1)(B)(i)—

State rehabilitation bureau, director, staff.

(A) that the State agency designated pursuant to paragraph (1) (or each State agency if two are so designated) shall include a vocational rehabilitation bureau, division, or other organizational unit which (i) is primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of handicapped individuals, and is responsible for the vocational rehabilitation program of such State agency, (ii) has a full-time director, and (iii) has a staff employed on such rehabilitation work of such organizational unit all or substantially all of whom are employed full time on such work; and

(B)(i) that such unit shall be located at an organizational level and shall have an organizational status within such State agency comparable to that of other major organizational units of such agency, or (ii) in the case of an agency described in clause (1)(B)(ii), either that such unit shall be so located and have such status, or that the director of such unit shall be the executive officer of such State agency; except that, in the case of a State which has designated only one State agency pursuant to clause (1) of this subsection, such State may, if it so desires, assign responsibility for the part of the plan under which vocational rehabilitation services are provided for the blind to one organizational unit of such agency, and assign responsibility for the rest of the plan to another organizational unit of such agency, with the provisions of this clause applying separately to each of such units;

State financial participation.

(3) provide for financial participation by the State, or if the State so elects, by the State and local agencies to meet the amount of the non-Federal share;

Political subdivisions, participation, waiver.

(4) provide that the plan shall be in effect in all political subdivisions, except that in the case of any activity which, in the judgment of the Secretary, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of handi-

capped individuals or groups of handicapped individuals the Secretary may waive compliance with the requirement herein that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by him, but only if the non-Federal share of the cost of such vocational rehabilitation services is met from funds made available by a local agency (including, to the extent permitted by such regulations, funds contributed to such agency by a private agency, organization, or individual);

(5)(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in its administration and supervision, including a description of the method to be used to expand and improve services to handicapped individuals with the most severe handicaps; and, in the event that vocational rehabilitation services cannot be provided to all eligible handicapped individuals who apply for such services, show (i) the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided, and (ii) the outcomes and service goals, and the time within which they may be achieved, for the rehabilitation of such individuals, which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first those individuals with the most severe handicaps and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving handicapped individuals, established in regulations prescribed by the Secretary; and

(B) provide satisfactory assurances to the Secretary that the State has studied and considered a broad variety of means for providing services to individuals with the most severe handicaps;

(6) provide for such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Secretary to be necessary for the proper and efficient administration of the plan;

(7) contain (A) provisions relating to the establishment and maintenance of personnel standards, which are consistent with any State licensure laws and regulations, including provisions relating to the tenure, selection, appointment, and qualifications of personnel, and (B) provisions relating to the establishment and maintenance of minimum standards governing the facilities and personnel utilized in the provision of vocational rehabilitation services, but the Secretary shall exercise no authority with respect to the selection, method of selection, tenure of office, or compensation of any individual employed in accordance with such provision;

(8) provide, at a minimum, for the provision of the vocational rehabilitation services specified in clauses (1) through (3) of subsection (a) of section 103, and the remainder of such services specified in such section after full consideration of eligibility for similar benefits under any other program, except that, in the case of the vocational-rehabilitation services specified in clauses (4) and (5) of subsection (a) of such section, such consideration shall not be required where it would delay the provision of such services to any individual;

Individualized written rehabilitation program.

(9) provide that (A) an individualized written rehabilitation program meeting the requirements of section 102 will be developed for each handicapped individual eligible for vocational rehabilitation services under this Act, (B) such services will be

provided under the plan in accordance with such program, and (C) records of the characteristics of each applicant will be kept specifying, as to those individuals who apply for services under this title and are determined not to be eligible therefor, the reasons for such determinations;

Reports, recordkeeping.

(10) provide that the State agency will make such reports in such form, containing such information (including the data described in subclause (C) of clause (9) of this subsection, periodic estimates of the population of handicapped individuals eligible for services under this Act in such State, specifications of the number of such individuals who will be served with funds provided under this Act and the outcomes and service goals to be achieved for such individuals in each priority category specified in accordance with clause (5) of this subsection, and the service costs for each such category), and at such time as the Secretary may require to carry out his functions under this title, and comply with such provisions as he may find necessary to assure the correctness and verification of such reports;

Intergovernmental cooperation.

(11) provide for entering into cooperative arrangements with, and the utilization of the services and facilities of, the State agencies administering the State's public assistance programs, other programs for handicapped individuals, veterans programs, manpower programs, and public employment offices, and the Social Security Administration of the Department of Health, Education, and Welfare, the Veterans' Administration, and other Federal, State, and local public agencies providing services related to the rehabilitation of handicapped individuals;

Community resources, utilization.

(12) provide satisfactory assurances to the Secretary that, in the provision of vocational rehabilitation services, maximum utilization shall be made of public or other vocational or technical training facilities or other appropriate resources in the community;

Disabled Federal employees.

(13) (A) provide that vocational rehabilitation services provided under the State plan shall be available to any civil employee of the United States disabled while in the performance of his duty on the same terms and conditions as apply to other persons, and

Disabled public safety officers.

(B) provide that special consideration will be given to the rehabilitation under this Act of a handicapped individual whose handicapping condition arises from a disability sustained in the line of duty while such individual was performing as a public safety officer and the proximate cause of such disability was a criminal act, apparent criminal act, or a hazardous condition resulting directly from the officer's performance of duties in direct connection with the enforcement, execution, and administration of law or fire prevention, firefighting, or related public safety activities;

Residency requirement, prohibition.

(14) provide that no residence requirement will be imposed which excludes from services under the plan any individual who is present in the State;

Continuing studies.

(15) provide for continuing statewide studies of the needs of handicapped individuals and how these needs may be most effectively met (including the State's needs for rehabilitation facilities) with a view toward the relative need for services to significant segments of the population of handicapped individuals and the need for expansion of services to those individuals with the most severe handicaps;

Employment review and reevaluation.

(16) provide for (A) periodic review and reevaluation of the status of handicapped individuals placed in extended employment in rehabilitation facilities (including workshops) to determine the feasibility of their employment, or training for employment, in the competitive labor market, and (B) maximum efforts to place such individuals in such employment or training whenever it is determined to be feasible;

State facilities, construction costs, Federal share.

(17) provide that where such State plan includes provisions for the construction of rehabilitation facilities—

(A) the Federal share of the cost of construction thereof for a fiscal year will not exceed an amount equal to 10 per centum of the State's allotment for such year,

Post, p. 384.

(B) the provisions of section 306 shall be applicable to such construction and such provisions shall be deemed to apply to such construction, and

(C) there shall be compliance with regulations the Secretary shall prescribe designed to assure that no State will reduce its efforts in providing other vocational rehabilitation services (other than for the establishment of rehabilitation facilities) because its plan includes such provisions for construction;

Policy planning, trainee participation.

(18) provide satisfactory assurances to the Secretary that the State agency designated pursuant to clause (1) (or each State agency if two are so designated) and any sole local agency administering the plan in a political subdivision of the State will take into account, in connection with matters of general policy arising in the administration of the plan, the views of individuals and groups thereof who are recipients of vocational rehabilitation services (or, in appropriate cases, their parents or guardians), working in the field of vocational rehabilitation, and providers of vocational rehabilitation services; and

(19) provide satisfactory assurances to the Secretary that the continuing studies required under clause (15) of this subsection, as well as an annual evaluation of the effectiveness of the program in meeting the goals and priorities set forth in the plan, will form the basis for the submission, from time to time as the Secretary may require, of appropriate amendments to the plan.

Plan disapproval, hearing opportunity.

(b) The Secretary shall approve any plan which he finds fulfills the conditions specified in subsection (a) of this section, and he shall disapprove any plan which does not fulfill such conditions. Prior to such disapproval, the Secretary shall notify a State of his intention to disapprove its plan, and he shall afford such State reasonable notice and opportunity for hearing.

Noncompliance, payment limitation.

(c) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this section, finds that—

(1) the plan has been so changed that it no longer complies with the requirements of subsection (a) of this section; or

(2) in the administration of the plan there is a failure to comply substantially with any provision of such plan,

the Secretary shall notify such State agency that no further payments will be made to the State under this title (or, in his discretion, that such further payments will be reduced, in accordance with regulations the Secretary shall prescribe, or that further payments will not be made to the State only for the projects under the parts of the State plan affected by such failure), until he is satisfied there is no longer any such failure. Until he is so satisfied, the Secretary shall make no further payments to such State under this title (or shall limit payments to projects under those parts of the State plan in which there is no such failure).

Judicial review.

(d) If any State is dissatisfied with the Secretary's action under subsection (b) or (c) of this section, such State may appeal to the United States district court for the district where the capital of such State is located and judicial review of such action shall be on the record in accordance with the provisions of chapter 7 of title 5, United States Code.

5 USC 701.

INDIVIDUALIZED WRITTEN REHABILITATION PROGRAM

SEC. 102. (a) The Secretary shall insure that the individualized written rehabilitation program required by section 101(a)(9) in the case of each handicapped individual is developed jointly by the vocational rehabilitation counselor or coordinator and the handicapped individual (or, in appropriate cases, his parents or guardians), and that such program meets the requirements set forth in subsection (b) of this section. Such written program shall set forth the terms and conditions, as well as the rights and remedies, under which goods and services will be provided to the individual.

Annual review.

(b) Each individualized written rehabilitation program shall be reviewed on an annual basis at which time each such individual (or, in appropriate cases, his parents or guardians) will be afforded an opportunity to review such program and jointly redevelop its terms. Such program shall include, but not be limited to (1) a statement of long-range rehabilitation goals for the individual and intermediate rehabilitation objectives related to the attainment of such goals, (2) a statement of the specific vocational rehabilitation services to be provided, (3) the projected date for the initiation and the anticipated duration of each such service, (4) objective criteria and an evaluation procedure and schedule for determining whether such objectives and goals are being achieved, and, (5) where appropriate, a detailed explanation of the availability of a client assistance project established in such area pursuant to section 112.

Ineligibility.

(c) The Secretary shall also insure that (1) in developing and carrying out individualized written rehabilitation program required by section 101 in the case of each handicapped individual primary emphasis is placed upon the determination and achievement of a vocational goal for such individual, (2) a decision that such an individual is not capable of achieving such a goal and thus not eligible for vocational rehabilitation services provided with assistance under this part, is made only in full consultation with such individual (or, in appropriate cases, his parents or guardians), and only upon the certification, as an amendment to such written program, that the evaluation of rehabilitation potential has demonstrated beyond any reasonable doubt that such individual is not then capable of achieving such a goal, and (3) any such decision shall be reviewed at least annually in accordance with the procedure and criteria established in this section.

SCOPE OF VOCATIONAL REHABILITATION SERVICES

SEC. 103. (a) Vocational rehabilitation services provided under this Act are any goods or services necessary to render a handicapped individual employable, including, but not limited to, the following:

(1) evaluation of rehabilitation potential, including diagnostic and related services, incidental to the determination of eligibility for, and the nature and scope of, services to be provided, including.

where appropriate, examination by a physician skilled in the diagnosis and treatment of emotional disorders, or by a licensed psychologist in accordance with State laws and regulations, or both:

(2) counseling, guidance, referral, and placement services for handicapped individuals, including followup, follow-along, and other postemployment services necessary to assist such individuals to maintain their employment and services designed to help handicapped individuals secure needed services from other agencies, where such services are not available under this Act;

(3) vocational and other training services for handicapped individuals, which shall include personal and vocational adjustment, books, and other training materials, and services to the families of such individuals as are necessary to the adjustment or rehabilitation of such individuals: *Provided*, That no training services in institutions of higher education shall be paid for with funds under this title unless maximum efforts have been made to secure grant assistance, in whole or in part, from other sources to pay for such training;

(4) physical and mental restoration services, including, but not limited to, (A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment, but is of such nature that such correction or modification may reasonably be expected to eliminate or substantially reduce the handicap within a reasonable length of time, (B) necessary hospitalization in connection with surgery or treatment, (C) prosthetic and orthotic devices, (D) eyeglasses and visual services as prescribed by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select, (E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals suffering from end-stage renal disease, and (F) diagnosis and treatment for mental and emotional disorders by a physician or licensed psychologist in accordance with State licensure laws;

(5) maintenance, not exceeding the estimated cost of subsistence, during rehabilitation;

(6) interpreter services for deaf individuals, and reader services for those individuals determined to be blind after an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

(7) recruitment and training services for handicapped individuals to provide them with new employment opportunities in the fields of rehabilitation, health, welfare, public safety, and law enforcement, and other appropriate service employment;

(8) rehabilitation teaching services and orientation and mobility services for the blind;

(9) occupational licenses, tools, equipment, and initial stocks and supplies;

(10) transportation in connection with the rendering of any vocational rehabilitation service; and

(11) telecommunications, sensory, and other technological aids and devices.

(b) Vocational rehabilitation services, when provided for the benefit of groups of individuals, may also include the following:

(1) in the case of any type of small business operated by individuals with the most severe handicaps the operation of which

can be improved by management services and supervision provided by the State agency, the provision of such services and supervision, along or together with the acquisition by the State agency of vending facilities or other equipment and initial stocks and supplies; and

(2) the construction or establishment of public or nonprofit rehabilitation facilities and the provision of other facilities and services which promise to contribute substantially to the rehabilitation of a group of individuals but which are not related directly to the individualized rehabilitation written program of any one handicapped individual.

NON-FEDERAL SHARE FOR CONSTRUCTION

SEC. 104. For the purpose of determining the amount of payments to States for carrying out part B of this title, the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the Secretary, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the costs of construction or establishment of a public or nonprofit rehabilitation facility, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to construction or establishment of such facility.

PART B—BASIC VOCATIONAL REHABILITATION SERVICES

STATE ALLOTMENTS

SEC. 110. (a) For each fiscal year, each State shall be entitled to an allotment of an amount bearing the same ratio to the amount authorized to be appropriated under subsection (b)(1) of section 100 for allotment under this section as the product of (1) the population of the State and (2) the square of its allotment percentage bears to the sum of the corresponding products for all the States. The allotment to any State (other than Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) under the first sentence of this subsection for any fiscal year which is less than one-quarter of 1 per centum of the amount appropriated under subsection (b)(1) of section 100, or $2,000,000, whichever is greater, shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining such States under the first sentence of this subsection, but with such adjustments as may be necessary to prevent the allotment of any such remaining States from being thereby reduced to less than that amount.

Additional payments.
79 Stat. 1282.
29 USC 32.

(b) If the payment to a State under section 111(a) for a fiscal year is less than the total payments such State received under section 2 of the Vocational Rehabilitation Act for the fiscal year ending June 30, 1973, such State shall be entitled to an additional payment (subject to the same terms and conditions applicable to other payments under this part) equal to the difference between such payment under section 111(a) and the amount so received by it. Payments attributable to the additional payment to a State under this subsection shall be made only from appropriations specifically made to carry out this subsection, and such additional appropriations are hereby authorized.

Unused funds, distribution.

(c) Whenever the Secretary determines, after reasonable opportunity for the submission to him of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title, he shall make such amount available for carrying out the purposes of this title to one or more other States to the extent he determines such other State will be able to use such additional amount during such year for carrying out such purposes. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this part, be regarded as an increase of such State's allotment (as determined under the peceding provisions of this section) for such year.

PAYMENTS TO STATES

SEC. 111. (a) From each State's allotment under this part for any fiscal year (including any additional payment to it under section 110 (b)), the Secretary shall pay to such State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for such State approved under section 101, including expenditures for the administration of the State plan, except that the total of such payments to such State for such fiscal year may not exceed its allotment under subsection (a) (and its additional payment under subsection (b), if any) of section 110 for such year and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by clause (17) of section 101(a), and except that the amount otherwise payable to such State for such year under this section shall be reduced by the amount (if any) by which expenditures from non-Federal sources during such year under this title are less than expenditures under the State plan for the fiscal year ending June 30, 1972, under the Vocational Rehabilitation Act.

68 Stat. 652.
29 USC 31 note.

(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

(1) The Secretary shall, prior to the beginning of each calendar quarter or other period prescribed by him, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation, as the Secretary may find necessary.

(2) The Secretary shall pay, from the allotment available therefor, the amount so estimated by him for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which he finds that his estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Secretary may determine.

CLIENT ASSISTANCE

Pilot projects.
Post, p. 381.

SEC. 112. (a) From funds appropriated under section 304 for special projects and demonstrations in excess of an amount equal to the amount obligated for expenditure for carrying out such projects and demonstrations from appropriations under the Vocational Rehabilitation Act in the fiscal year ending June 30, 1973, the Secretary shall set aside up to $1,500,000, but no less than $500,000 for the fiscal year ending June 30, 1974, and up to $2,500,000 but no less than $1,000,000 for the fiscal year ending June 30, 1975, to establish in no less than 7 nor more than 20 geographically dispersed regions client assistance pilot projects (hereinafter in this section referred to as "projects") to provide counselors to inform and advise all clients and client applicants in the project area of all available benefits under this Act and, upon request of such client or client applicant, to assist such clients or applicants in their relationships with projects, programs, and facilities providing services to them under this Act.

(b) The Secretary shall prescribe regulations which shall include the following requirements:

Regulations, requirements.

(1) No employees of such projects shall be presently serving as staff or consultants or receiving benefits of any kind directly or indirectly from any rehabilitation project, program, or facility receiving assistance under this Act in the project area.

(2) Each project shall be afforded reasonable access to policymaking and administrative personnel in State and local rehabilitation programs, projects, and facilities.

(3) The project shall submit an annual report, through the State agency designated pursuant to section 101, to the Secretary on the operation of the project during the previous year, including a summary of the work done and a uniform statistical tabulation of all cases handled by such project. A copy of each such report shall be submitted to the appropriate committees of the Congress by the Secretary, together with a summary of such reports and his evaluation of such projects, including appropriate recommendations.

Annual reports, submittal to congressional committees.
Ante, p. 363.

(4) Each State agency may enter into cooperative arrangements with institutions of higher education to secure the services in such projects of graduate students who are undergoing clinical training activities in related fields. No compensation with funds appropriated under this Act shall be provided to such students.

Graduate student services.

(5) Reasonable assurance shall be given by the appropriate State agency that all clients or client applicants within the project area shall have the opportunity to receive adequate service under the project and shall not be pressured against or otherwise discouraged from availing themselves of the services available under such project.

(6) The project shall be funded, administered, and operated directly by and with the concurrence of the State agency designated pursuant to section 101.

PART C—INNOVATION AND EXPANSION GRANTS

STATE ALLOTMENTS

SEC. 120. (a)(1) From the sums available pursuant to section 100(b)(2) for any fiscal year for grants to States to assist them in meeting the costs described in section 121, each State shall be entitled to an allotment of an amount bearing the same ratio to such sums as the population of the State bears to the population of all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $50,000 shall be increased to that amount, and for the fiscal year ending June 30, 1974, no State shall receive less than the amount necessary to cover up to 90 per centum of the cost of continuing projects assisted under section 4(a)(2)(A) of the Vocational Rehabilitation Act, except that no such project may receive financial assistance under both the Vocational Rehabilitation Act and this Act for a total period of time in excess of three years. The total of the increase required by the preceding sentence shall be derived by propor-

Ante, p. 363.

82 Stat. 299.
29 USC 34.

tionately reducing the allotments to each of the remaining States under the first sentence of this section, but with such adjustments as may be necessary to prevent the allotment of any of such remaining States from thereby being reduced to less than $50,000.

Unused funds, redistribution.

(b) Whenever the Secretary determines that any amount of an allotment to a State for any fiscal year will not be utilized by such State in carrying out the purposes of this section, he shall make such amount available for carrying out the purposes of this section to one or more other States which he determines will be able to use additional amounts during such year for carrying out such purposes. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for purposes of this part, be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year.

PAYMENTS TO STATES

Ante, p. 363.

SEC. 121. (a) From each State's allotment under this part for any fiscal year, the Secretary shall pay to such State or, at the option of the State agency designated pursuant to section 101(a)(1), to a public or nonprofit organization or agency, a portion of the cost of planning, preparing for, and initiating special programs under the State plan approved pursuant to section 101 to expand vocational rehabilitation services, including programs to initiate or expand such services to individuals with the most severe handicaps, or of special programs under such State plan to initiate or expand services to classes of handicapped individuals who have unusual and difficult problems in connection with their rehabilitation, particularly handicapped individuals who are poor, and responsibility for whose treatment, education, and rehabilitation is shared by the State agency designated in section 101 with other agencies. The Secretary may require that any portion of a State's allotment under this section, but not more than 50 per centum of such allotment, may be expended in connection with only such projects as have first been approved by the Secretary. Any grant of funds under this section which will be used for direct services to handicapped individuals or for establishing or maintaining facilities which will render direct services to such individuals must have the prior approval of the appropriate State agency designated pursuant to section 101.

(b) Payments under this section with respect to any project may be made for a period of not to exceed three years beginning with the commencement of the project as approved, and sums appropriated for grants under this section shall remain available for such grants through the fiscal year ending June 30, 1976. Payments with respect to any project may not exceed 90 per centum of the cost of such project. The non-Federal share of the cost of a project may be in cash or in kind and may include funds spent for project purposes by a cooperating public or nonprofit agency provided that it is not included as a cost in any other federally financed program.

(c) Payments under this section may be made in advance or by way of reimbursement for services performed and purchases made, as may be determined by the Secretary, and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

PART D—COMPREHENSIVE SERVICE NEEDS

SPECIAL STUDY

SEC. 130. (a) The Secretary shall conduct a comprehensive study, including research and demonstration projects of the feasibility of methods designed (1) to prepare individuals with the most severe handicaps for entry into programs under this Act who would not otherwise be eligible to enter such programs due to the severity of their handicap, and (2) to assist individuals with the most severe handicaps who, due to the severity of their handicaps or other factors such as their age, cannot reasonably be expected to be rehabilitated for employment but for whom a program of rehabilitation could improve their ability to live independently or function normally within their family and community. Such study shall encompass the extent to which other programs administered by the Secretary do or might contribute to the objectives set forth in clauses (1) and (2) of the preceding sentence and the methods by which all such programs can be coordinated at Federal, State, and local levels with those carried out under this Act to the end that individuals with the most severe handicaps are assured of receiving the kinds of assistance necessary for them to achieve such objectives.

(b) The Secretary shall report the findings of the study, research, and demonstrations directed by subsection (a) of this section to the Congress and to the President together with such recommendations for legislative or other action as he may find desirable, not later than February 1, 1975. Report to Congress and President.

TITLE II—RESEARCH AND TRAINING

DECLARATION OF PURPOSE

SEC. 200. The purpose of this title is to authorize Federal assistance to State and public or nonprofit agencies and organizations to—

(a) plan and conduct research, demonstrations, and related activities in the rehabilitation of handicapped individuals, and

(b) plan and conduct courses of training and related activities designed to provide increased numbers of trained rehabilitation personnel, to increase the levels of skills of such personnel, and to develop improved methods of providing such training.

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) In order to make grants and contracts to carry out the purposes of this title, there is authorized to be appropriated:

(1) For the purpose of carrying out section 202 of this title, $25,000,000 each for the fiscal years ending June 30, 1974, and June 30, 1975; and there is further authorized to be appropriated for such purpose for each such year such additional sums as the Congress may determine to be necessary. Of the sums appropriated under this paragraph, 20 per centum, and 25 per centum of the amounts appropriated in the first and second such fiscal years, respectively, shall be available only for the purpose of carrying out activities under section 202(b)(2).

(2) For the purpose of carrying out section 203 of this title, there is authorized to be appropriated $27,700,000 each for the fiscal years ending June 30, 1974, and June 30, 1975; and there is further authorized to be appropriated for such purpose for each such year such additional sums as the Congress may determine to be necessary.

(b) Funds appropriated under this title shall remain available until expended.

RESEARCH

Federal grants.

SEC. 202. (a) The Secretary, through the Commissioner, and in coordination with other appropriate programs in the Department of Health, Education, and Welfare, is authorized to make grants to and contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to pay part of the cost of projects for the purpose of planning and conducting research, demonstrations, and related activities which bear directly on the development of methods, procedures, and devices to assist in the provision of vocational rehabilitation services to handicapped individuals, especially those with the most severe handicaps, under this Act. Such projects may include medical and other scientific, technical, methodological, and other investigations into the nature of disability, methods of analyzing it, and restorative techniques; studies and analyses of industrial, vocational, social, psychological, economic, and other factors affecting rehabilitation of handicapped individuals; special problems of homebound and institutionalized individuals; studies and analyses of architectural and engineering design adapted to meet the special needs of handicapped individuals; and related activities which hold promise of increasing knowledge and improving methods in the rehabilitation of handicapped individuals and individuals with the most severe handicaps.

(b) In addition to carrying out projects under subsection (a) of this section, the Secretary, through the Commissioner, and in coordination with other appropriate programs in the Department of Health, Education, and Welfare, is authorized to make grants to pay part or all of the cost of the following specialized research activities:

Rehabilitation Research and Training Centers, establishment.

(1) Establishment and support of Rehabilitation Research and Training Centers to be operated in collaboration with institutions of higher education for the purpose of providing coordinated and advanced programs of research in rehabilitation and training of rehabilitation research personnel, including, but not limited to, graduate training. Grants may include funds for services rendered by such a center to handicapped individuals in connection with such research and training activities.

Rehabilitation Engineering Research Centers, establishment.

Ante, p. 363.

(2) Establishment and support of Rehabilitation Engineering Research Centers to (A) develop innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems through planning and conducting research, including cooperative research with public or private agencies and organizations, designed to produce new scientific knowledge, equipment, and devices suitable for solving problems in the rehabilitation of handicapped individuals and for reducing environmental barriers, and to (B) cooperate with State agencies designated pursuant to section 101 in developing systems of information exchange and coordination to promote the prompt utilization of engineering and other scientific research to assist in solving problems in the rehabilitation of handicapped individuals.

Spinal cord injury research.

Post, p. 379.

(3) Conduct of a program for spinal cord injury research, to include support of spinal cord injuries projects and demonstrations established pursuant to section 303(b), which will (A) insure dissemination of research findings among all such centers, (B) provide encouragement and support for initiatives and new approaches by individual and institutional investigators, and (C) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts, in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among spinal cord injury investigators.

End-stage renal disease research.

(4) Conduct a program for end-stage renal disease research, to include support of projects and demonstrations for providing special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the rehabilitation of individuals suffering from such disease and which will (A) insure dissemination of research findings, (B) provide encouragement and support for initiatives and new approaches by individual and institutional investigators, and (C) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts, in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among investigators in the field of end-stage renal disease. No person shall be selected to participate in such program who is eligible for services for such disease under any other provision of law.

International rehabilitation, research and development.

(5) Conduct of a program for international rehabilitation research, demonstration, and training for the purpose of developing new knowledge and methods in the rehabilitation of handicapped individuals in the United States, cooperating with and assisting in developing and sharing information found useful in other nations in the rehabilitation of handicapped individuals, and initiating a program to exchange experts and technical assistance in the field of rehabilitation of handicapped individuals with other nations as a means of increasing the levels of skill of rehabilitation personnel.

(c) The provisions of section 306 shall apply to assistance provided under this section, unless the context indicates to the contrary.

Post, p. 384.

TRAINING

Federal grants.

Sec. 203. (a) The Secretary, through the Commissioner, in coordination with other appropriate programs in the Department of Health, Education, and Welfare, is authorized to make grants to and contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to pay part of the cost of projects for training, traineeships, and related activities designed to assist in increasing the numbers of personnel trained in providing vocational services to handicapped individuals and in performing other functions necessary to the development of such services.

(b) In making such grants or contracts, funds made available for any year will be utilized to provide a balanced program of assistance to meet the medical, vocational, and other personnel training needs of both public and private rehabilitation programs and institutions, to include projects in rehabilitation medicine, rehabilitation nursing, rehabilitation counseling, rehabilitation social work, rehabilitation psychology, physical therapy, occupational therapy, speech pathology and audiology, workshop and facility administration, prosthetics and orthotics, specialized personnel in providing services to blind and deaf individuals, recreation for ill and handicapped individuals, and other fields contributing to the rehabilitation of handicapped individuals, including homebound and institutionalized individuals and handicapped individuals with limited English-speaking ability. No grant shall be made under this section for furnishing to an individual any one course of study extending for a period in excess of four years.

Limitation.

REPORTS

Research and training activities.

Sec. 204. There shall be included in the annual report to the Congress required by section 404 a full report on the research and training activities carried out under this title and the extent to which such

Post, p. 387.

research and training has contributed directly to the development of methods, procedures, devices, and trained personnel to assist in the provision of vocational rehabilitation services to handicapped individuals and those with the most severe handicaps under this Act.

TITLE III—SPECIAL FEDERAL RESPONSIBILITIES

DECLARATION OF PURPOSE

SEC. 300. The purpose of this title is to—

(1) authorize grants and contracts to assist in the construction and initial staffing of rehabilitation facilities;

(2) authorize grants and contracts to assist in the provision of vocational training services to handicapped individuals;

(3) authorize grants for special projects and demonstrations which hold promise of expanding or otherwise improving rehabilitation services to handicapped individuals, including individuals with spinal cord injuries, older blind individuals, and deaf individuals whose maximum vocational potential has not been reached, which experiment with new types of patterns of services or devices for the rehabilitation of handicapped individuals (including opportunities for new careers for handicapped individuals, and for other individuals in programs serving handicapped individuals) and which provide vocational rehabilitation services to handicapped migratory agricultural workers or seasonal farmworkers;

(4) establish and operate a National Center for Deaf-Blind Youths and Adults; and

(5) establish uniform grant and contract requirements for programs assisted under this title and certain other provisions of this Act.

GRANTS FOR CONSTRUCTION OF REHABILITATION FACILITIES

SEC. 301. (a) For the purpose of making grants and contracts under this section for construction of rehabilitation facilities, initial staffing, and planning assistance, there is authorized to be appropriated such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975. Amounts so appropriated shall remain available for expenditure with respect to construction projects funded or initial staffing grants made under this section prior to July 1, 1977.

(b)(1) The Secretary is authorized to make grants to assist in meeting the costs of construction of public or nonprofit rehabilitation facilities. Such grants may be made to States and public or nonprofit organizations and agencies for projects for which applications are approved by the Secretary under this section.

(2) To be approved, an application for a grant for a construction project under this section must conform to the provisions of section 306.

(3) The amount of a grant under this section with respect to any construction project in any State shall be equal to the same percentage of the cost of such project as the Federal share which is applicable in the case of rehabilitation facilities (as defined in section 645(g) of the
78 Stat. 460; Public Health Service Act (42 U.S.C. 291o(a))), in such State, except
84 Stat. 344. that if the Federal share with respect to rehabilitation facilities in such State is determined pursuant to subparagraph (b)(2) of section
84 Stat. 340. 645 of such Act (42 U.S.C. 291o(b)(2)), the percentage of the cost for

purposes of this section shall be determined in accordance with regulations prescribed by the Secretary designed to achieve as nearly as practicable results comparable to the results obtained under such subparagraph.

Staffing grants.

(c) The Secretary is also authorized to make grants to assist in the initial staffing of any public or nonprofit rehabilitation facility constructed after the date of enactment of this section (whether or not such construction was financed with the aid of a grant under this section) by covering part of the costs (determined in accordance with regulations the Secretary shall prescribe) of compensation of professional or technical personnel of such facility during the period beginning with the commencement of the operation of such facility and ending with the close of four years and three months after the month in which such operation commenced. Such grants with respect to any facility may not exceed 75 per centum of such costs for the period ending with the close of the fifteenth month following the month in which such operation commenced, 60 per centum of such costs for the first year thereafter, 45 per centum of such costs for the second year thereafter, and 30 per centum of such costs for the third year thereafter.

Planning grants.
Ante, p. 363.

(d) The Secretary is also authorized to make grants upon application approved by the State agency designated under section 101 to administer the State plan, to public or nonprofit agencies, institutions, or organizations to assist them in meeting the cost of planning rehabilitation facilities and the services to be provided by such facilities.

VOCATIONAL TRAINING SERVICES FOR HANDICAPPED INDIVIDUALS

Appropriation.

SEC. 302. (a) For the purpose of making grants and contracts under this section, there is authorized to be appropriated such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975.

Grants, authority.

(b)(1) The Secretary is authorized to make grants to States and public or nonprofit organizations and agencies to pay up to 90 per centum of the cost of projects for providing vocational training services to handicapped individuals, especially those with the most severe handicaps, in public or nonprofit rehabilitation facilities.

(2)(A) Vocational training services for purposes of this subsection shall include training with a view toward career advancement; training in occupational skills; related services, including work evaluation, work testing, provision of occupational tools and equipment required by the individual to engage in such training, and job tryouts; and payment of weekly allowances to individuals receiving such training and related services.

Individual allowances, limitations.

(B) Such allowances may not be paid to any individual for any period in excess of two years, and such allowances for any week shall not exceed $30 plus $10 for each of the individual's dependents, or $70, whichever is less. In determining the amount of such allowances for any individual, consideration shall be given to the individual's need for such an allowance, including any expenses reasonably attributable to receipt of training services, the extent to which such an allowance will help assure entry into and satisfactory completion of training, and such other factors, specified by the Secretary, as will promote such individual's capacity to engage in gainful and suitable employment.

Conditions.

(3) The Secretary may make a grant for a project pursuant to this subsection only on his determination that (A) the purpose of such project is to prepare handicapped individuals, especially those with the most severe handicaps, for gainful and suitable employment; (B) the individuals to receive training services under such project will include only those who have been determined to be suitable for and in

Ante, p. 363.

need of such training services by the State agency or agencies designated as provided in section 101(a)(1) of the State in which the rehabilitation facility is located; (C) the full range of training services will be made available to each such individual, to the extent of his need for such services; and (D) the project, including the participating rehabilitation facility and the training services provided, meet such other requirements as he may prescribe in regulations for carrying out the purposes of this subsection.

Operation grants.

(c)(1) The Secretary is authorized to make grants to public or nonprofit rehabilitation facilities, or to an organization or combination of such facilities, to pay the Federal share of the cost of projects to analyze, improve, and increase their professional services to handicapped individuals, their management effectiveness, or any other part of their operations affecting their capacity to provide employment and services for such individuals.

Prohibition.

(2) No part of any grant made pursuant to this subsection may be used to pay costs of acquiring, constructing, expanding, remodeling, or altering any building.

MORTGAGE INSURANCE FOR REHABILITATION FACILITIES

SEC. 303. (a) It is the purpose of this section to assist and encourage the provision of urgently needed facilities for programs for handicapped individuals.

Definitions.
52 Stat. 16;
55 Stat. 62.
12 USC 1713.

(b) For the purpose of this section the terms "mortgagee", "maturity date", and "State" shall have the meanings respectively set forth in section 207 of the National Housing Act.

(c) The Secretary, in consultation with the Secretary of Housing and Urban Development, and subject to the provisions of section 306, is authorized to insure up to 100 per centum of any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon, except that no mortgage of any public agency shall be insured under this section if the interest from such mortgage is exempt from Federal taxation.

Conditions.

(d) In order to carry out the purpose of this section, the Secretary is authorized to insure any mortgage which covers construction of a public or nonprofit rehabilitation facility, including equipment to be used in its operation, subject to the following conditions:

(1) The mortgage shall be executed by a mortgagor, approved by the Secretary, who demonstrates ability successfully to operate one or more programs for handicapped individuals. The Secretary may in his discretion require any such mortgagor to be regulated or restricted as to minimum charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Secretary may make such contracts. with and acquire for not to exceed $100 such stock of interest in, such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section). and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance.

(2) The mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the estimated replacement cost of the property or project, including equipment to be used in the operation of the rehabilitation facility, when the proposed improvements are completed and the equipment is installed, but not including any cost covered by grants in aid under this Act or any other Federal Act.

(3) The mortgage shall—

(A) provide for complete amortization by periodic payments within such term as the Secretary shall prescribe, and

(B) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed such per centum per annum on the principal obligation outstanding at any time as the Secretary finds necessary to meet the mortgage market.

Premium and appraisal charges.

(e) The Secretary shall fix and collect premium charges for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section) issued at par plus accrued interest. In the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any one time, without taking into account delinquent payments or prepayments. In addition to the premium charge herein provided for, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project during construction, but such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(f) The Secretary may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he shall by regulation prescribe.

(g)(1) The Secretary shall have the same functions, powers, and duties (insofar as applicable) with respect to the insurance of mortgages under this section as the Secretary of Housing and Urban Development has with respect to the insurance of mortgages under title II of the National Housing Act. The Secretary may, pursuant to a formal delegation agreement containing regulations prescribed by him, delegate to the Secretary of Housing and Urban Development authority to administer this section in accordance with such delegation agreement.

52 Stat. 9;
84 Stat. 458.
12 USC 1707.

(2) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of the National Housing Act shall apply to mortgages insured under this section; except that, for the purposes of their application with respect to such mortgages, all references in such provisions to the General Insurance Fund shall be deemed to refer to the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section) and all references in such provisions to "Secretary" shall be deemed to refer to the Secretary of Health, Education, and Welfare.

52 Stat. 16.
12 USC 1713.

Rehabilitation Facilities Insurance Fund, establishment.

(h)(1) There is hereby created a Rehabilitation Facilities Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out all the insurance provisions of this section. All mortgages insured under this section shall be insured under and be the obligation of the Rehabilitation Facilities Insurance Fund.

(2) The general expenses of the operations of the Rehabilitation Services Administration relating to mortgages insured under this section may be charged to the Rehabilitation Facilities Insurance Fund.

Unused funds.

(3) Moneys in the Rehabilitation Facilities Insurance Fund not needed for the current operations of the Rehabilitation Services Administration with respect to mortgages insured under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the Rehabilitation Facilities Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Debentures, purchase authority.

(4) Premium charges, adjusted premium charges, and appraisals and other fees received on account of the insurance of any mortgage under this section, the receipts derived from property covered by such mortgages and from any claims, debts, contracts, property, and security assigned to the Secretary in connection therewith, and all earnings as the assets of the fund, shall be credited to the Rehabilitation Facilities Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such fund, cash insurance payments, and adjustments, and expense incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages insured under this section, shall be charged to such fund.

Appropriation.

(5) There are authorized to be appropriated to provide initial capital for the Rehabilitation Facilities Insurance Fund, and to assure the soundness of such fund thereafter, such sums as may be necessary, except that the total amount of outstanding mortgages insured shall not exceed $200,000,000.

SPECIAL PROJECTS AND DEMONSTRATIONS

Appropriations.

SEC. 304. (a)(1) For the purpose of making grants under this section for special projects and demonstrations (and research and evaluation connected therewith), there is authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1974, and $17,000,000 for the fiscal year ending June 30, 1975; and there is further authorized to be appropriated for such purposes for each such year such additional sums as the Congress may determine to be necessary.

(2) Of the amounts appropriated pursuant to paragraph (1) of this subsection, 5 per centum in each such fiscal year shall be available only for the purpose of making grants under subsection (c) of this section, and there is authorized to be appropriated in each such fiscal year such additional amount as may be necessary to equal, when added to the amount made available for the purpose of making grants under such subsection an amount of $5,000,000 to be available for each such fiscal year.

(b) The Secretary, subject to the provisions of section 306, shall make grants to States and public or nonprofit agencies and organizations for paying part or all of the cost of special projects and demonstrations (and research and evaluation in connection therewith) (1) for establishing programs and facilities for providing vocational rehabilitation services which hold promise of expanding or otherwise improving rehabilitation services to handicapped individuals (especially those with the most severe handicaps) including individuals with spinal cord injuries, older blind individuals, and deaf individuals, whose maximum vocational potential has not been reached, and (2) for applying new types or patterns of services or devices (including opportunities for new careers for handicapped individuals for other individuals in programs servicing handicapped individuals). Projects and demonstrations providing services to individuals with spinal cord injuries shall include provisions to—

(A) establish, on an appropriate regional basis, a multidisciplinary system of providing vocational and other rehabilitation services, specifically designed to meet the special needs of individuals with spinal cord injuries, including acute care as well as periodic inpatient or outpatient followup and services;

(B) demonstrate and evaluate the benefits to individuals with spinal cord injuries served in, and the degree of cost effectiveness of, such a regional system;

(C) demonstrate and evaluate existing, new, and improved methods and equipment essential to the care, management, and rehabilitation of individuals with spinal cord injuries; and

(D) demonstrate and evaluate methods of community outreach for individuals with spinal cord injuries and community education in connection with the problems of such individuals in areas such as housing, transportation, recreation, employment, and community activities.

Handicapped migratory agricultural workers and seasonal farmworkers.
Ante, p. 363.

(c) The Secretary, subject to the provisions of section 306, is authorized to make grants to any State agency designated pursuant to a State plan approved under section 101, or to any local agency participating in the administration of such a plan, to pay up to 90 per centum of the cost of projects or demonstrations for the provision of vocational rehabilitation services to handicapped individuals, as determined in accordance with rules prescribed by the Secretary of Labor, are migratory agricultural workers or seasonal farmworkers, and to members of their families (whether or not handicapped) who are with them, including maintenance and transportation of such individuals and members of their families where necessary to the rehabilitation of such individuals. Maintenance payments under this section shall be consistent with any maintenance payments made to other handicapped individuals in the State under this Act. Such grants shall be conditioned upon satisfactory assurance that in the provision of such services there will be appropriate cooperation between the grantee and other public or nonprofit agencies and organizations having special skills and experience in the provision of services to migratory agricultural workers, seasonal farmworkers, or their families. This subsection shall be administered in coordination with other programs serving migrant agricultural workers and seasonal farmworkers, including programs under title I of the Elementary and Secondary Education Act of 1965, section 311 of the Economic Opportunity Act of 1964, the Migrant Health Act, and the Farm Labor Contractor Registration Act of 1963.

64 Stat. 1100.
20 USC 236.
81 Stat. 709.
42 USC 2861.
78 Stat. 920.
7 USC 2041 note.
Employment programs, contract authority.

(d) The Secretary is authorized to make contracts or jointly financed cooperative arrangements with employers and organizations for the establishment of projects designed to prepare handicapped individuals for gainful and suitable employment in the competitive labor market under which handicapped individuals are provided training and employment in a realistic work setting and such other services (determined in accordance with regulations prescribed by the Secretary) as may be necessary for such individuals to continue to engage in such employment.

Technical assistance.

(e)(1) The Secretary is authorized, directly or by contract with State vocational rehabilitation agencies or experts or consultants or groups thereof, to provide technical assistance (A) to rehabilitation facilities, and (B) for the purpose of removal of architectural and transportation barriers, to any public or nonprofit agency, institution, organization or facility.

5 USC 5332 note.

80 Stat. 499; 83 Stat. 190.

(2) Any such experts or consultants shall, while serving pursuant to such contracts, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the pro rata pay rate for a person employed as a GS-18, under section 5332 of title 5, United States Code, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Appropriation.

SEC. 305. (a) For the purpose of establishing and operating a National Center for Deaf-Blind Youths and Adults, there is authorized to be appropriated such sums as may be necessary for construction, which shall remain available until expended, and such sums as may be necessary for operations for the fiscal years ending June 30, 1974, and June 30, 1975.

Establishment, contract authority.

(b) In order—

(1) to demonstrate methods of (A) providing the specialized intensive services, and other services, needed to rehabilitate handicapped individuals who are both deaf and blind, and (B) training the professional and allied personnel needed adequately to staff facilities specifically designed to provide such services and training to such personnel who have been or will be working with deaf-blind individuals;

(2) to conduct research in the problems of, and ways of meeting the problems of rehabilitating, deaf-blind individuals; and

(3) to aid in the conduct of related activities which will expand or improve the services for or help improve public understanding of the problems of deaf-blind individuals;

the Secretary, subject to the provisions of section 306, is authorized to enter into an agreement with any public or nonprofit agency or organization for payment by the United States of all or part of the costs of the establishment and operation, including construction and equipment, of a center for vocational rehabilitation of handicapped individuals who are both deaf and blind, which center shall be known as the National Center for Deaf-Blind Youths and Adults.

(c) Any agency or organization desiring to enter into such agreement shall submit a proposal therefor at such time, in such manner, and containing such information as may be prescribed in regulations by the Secretary. In considering such proposals the Secretary shall give preference to proposals which (1) give promise of maximum effectiveness in the organization and operation of such Center, and (2) give promise of offering the most substantial skill, experience, and capability in providing a broad program of service, research, training, and related activities in the field of rehabilitation of deaf-blind individuals.

GENERAL GRANT AND CONTRACT REQUIREMENTS

Applicability.

SEC. 306. (a) The provisions of this section shall apply to all projects approved and assisted under this title. The Secretary shall insure compliance with this section prior to making any grant or entering into any contract or agreement under this title, except projects authorized under section 302.

Construction project approval, conditions.

(b) To be approved, an application for assistance for a construction project under this title must—

(1) contain or be supported by reasonable assurances that (A) for a period of not less than twenty years after completion of construction of the project it will be used as a public or nonprofit facility, (B) sufficient funds will be available to meet the non-Federal share of the cost of construction of the project, and (C) sufficient funds will be available, when construction of the project is completed, for its effective use for its intended purpose;

(2) provide that Federal funds provided to any agency or organization under this title will be used only for the purposes for which provided and in accordance with the applicable provisions of this section and the section under which such funds are provided;

Report, transmittal to Congress.
Post, p. 387.

(3) provide that the agency or organization receiving Federal funds under this title will make an annual report to the Secretary, which he shall summarize and comment upon in the annual report to the Congress submitted under section 404;

(4) be accompanied or supplemented by plans and specifications in which due consideration shall be given to excellence of architecture and design, and to the inclusion of works of art (not representing more than 1 per centum of the cost of the project), and which comply with regulations prescribed by the Secretary related to minimum standards of construction and equipment (promulgated with particular emphasis on securing compliance with the requirements of the Architectural Barriers Act of 1968 (Public Law 90-480)), and with regulations of the Secretary of Labor relating to occupational health and safety standards for rehabilitation facilities; and

82 Stat. 718;
84 Stat. 49.
42 USC 4151.

(5) contain or be supported by reasonable assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by payments pursuant to any grant under this section will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5); and the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

49 Stat. 1011;
78 Stat. 238.

64 Stat. 1267;
84 Stat. 235.
5 USC app.
63 Stat. 108.

(c) Upon approval of any application for a grant or contract for a project under this title, the Secretary shall reserve, from any appropriation available therefore, the amount of such grant or contract determined under this title. In case an amendment to an approved application is approved, or the estimated cost of a project is revised upward, any additional payment with respect thereto may be made from the appropriation from which the original reservation was made or the appropriation for the fiscal year in which such amendment or revision is approved.

(d) If, within twenty years after completion of any construction project for which funds have been paid under this title, the facility shall cease to be a public or nonprofit facility, the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.

(e) Payment of assistance or reservation of funds made pursuant to this title may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

Workshops, residential accomodations.

(f) A project for construction of a rehabilitation facility which is primarily a workshop may, where approved by the Secretary as necessary to the effective operation of the facility, include such construction as may be necessary to provide residential accommodations for use in connection with the rehabilitation of handicapped individuals.

Sectarian activity, funds prohibition.

(g) No funds provided under this title may be used to assist in the construction of any facility which is or will be used for religious worship or any sectarian activity.

(h) When in any State, funds provided under this title will be used for providing direct services to handicapped individuals or for establishing facilities which will provide such services, such services must be carried out in a manner not inconsistent with the State plan approved pursuant to section 101.

Ante, p. 363.

(i) Prior to making any grant or entering into any contract under this title, the Secretary shall afford reasonable opportunity to the appropriate State agency or agencies designated pursuant to section 101 to comment on such grant or contract.

TITLE IV—ADMINISTRATION AND PROGRAM AND PROJECT EVALUATION

ADMINISTRATION

SEC. 400. (a) In carrying out his duties under this Act, the Secretary shall—

Technical assistance to States.

(1) cooperate with, and render technical assistance (directly or by grant or contract) to States in matters relating to the rehabilitation of handicapped individuals;

Short-term traineeships.

(2) provide short-term training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, with such stipends and allowances (including travel and subsistence expenses), as he may deem necessary, except that no such training or instruction (or fellowship or scholarship) shall be provided any individual for any one course of study for a period in excess of four years, and such training, instruction, fellowships, and traineeships may be in the fields of rehabilitation medicine, rehabilitation nursing, rehabilitation counseling, rehabilitation social work, rehabilitation psychology, physical therapy, occupational therapy, speech pathology and audiology, prosthetics and orthotics, recreation for ill and handicapped individuals, and other specialized fields contributing to the rehabilitation of handicapped individuals; and

(3) disseminate information relating to vocational rehabilitation services, and otherwise promote the cause of the rehabilitation of handicapped individuals and their greater utilization in gainful and suitable employment.

Information dissemination.

(b) The Secretary is authorized to make rules and regulations governing the administration of this title and titles I through III of this Act, and, except as otherwise provided in this Act, to delegate to any officer or employee of the United States such of his powers and duties under such titles, except the making of rules and regulations, as he finds necessary to carry out the provisions of such titles. Such rules and regulations shall be published in the Federal Register, on at least an interim basis, no later than ninety days after the date of enactment of this Act.

Rules and regulations.

Ante, pp. 363, 377.

Publication in Federal Register.

(c) The Secretary is authorized (directly or by grants or contracts) to conduct studies, investigations, and evaluation of the programs authorized by this Act, and to make reports, with respect to abilities, aptitudes, and capacities of handicapped individuals, development of their potentialities, their utilization in gainful and suitable employment, and with respect to architectural, transportation, and other environmental and attitudinal barriers to their rehabilitation, including the problems of homebound, institutionalized, and older blind individuals.

Investigative authority of Secretary.

(d) There is authorized to be included for each fiscal year in the appropriation for the Department of Health, Education, and Welfare such sums as are necessary to administer the provisions of this Act.

(e) In carrying out his duties under this Act, the Secretary shall insure the maximum coordination and consultation, at both national and local levels, with the Administrator of Veterans' Affairs and his designees with respect to programs for and relating to the rehabilitation of disabled veterans carried out under title 38, United States Code.

Disabled veterans, program coordination.

72 Stat. 1171.
38 USC 1501 *et seq.*

PROGRAM AND PROJECT EVALUATION

SEC. 401. (a)(1) The Secretary shall measure and evaluate the impact of all programs authorized by this Act, in order to determine their effectiveness in achieving stated goals in general, and in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not immediately involved in the administration of the program or project evaluated.

(2) In carrying out his responsibilities under this subsection, the Secretary, in the case of research, demonstrations, and related activities carried out under section 202, shall, after taking into consideration the views of State agencies designated pursuant to section 101, on an annual basis—

Ante, p. 375.
Ante, p. 363.

(A) reassess priorities to which such activities should be directed; and

(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities by subsection (a) of section 202, whether and on what basis such activities should be continued, revised, or terminated.

(3) The Secretary shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation, as he deems appropriate.

Report to congressional committees.

Evaluation standards, publication.

Ante, p. 363.

(b) Effective July 1, 1974, before funds for the programs and projects covered by this Act are released, the Secretary shall develop and publish general standards for evaluation of the programs and project effectiveness in achieving the objectives of this Act. He shall consider the extent to which such standards have been met in deciding, in accordance with procedures set forth in subsection (b), (c), and (d) of section 101, whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 404 shall describe the actions taken as a result of these evaluations.

Program participants' views.

(c) In carrying out evaluations under this title, the Secretary shall, whenever possible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects.

Evaluative research results, publication.

Transmittal to congressional committees.

(d) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness no later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(e) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

OBTAINING INFORMATION FROM FEDERAL AGENCIES

SEC. 402. Such information as the Secretary may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch.

AUTHORIZATION OF APPROPRIATIONS

Ante, pp. 363, 374, 377.

SEC. 403. There is authorized to be appropriated for the fiscal years ending June 30, 1974, and June 30, 1975, such sums as the Secretary may require, but not to exceed an amount equal to one-half of 1 per centum of the funds appropriated under titles I, II, and III of this Act or $1,000,000, whichever is greater, to be available to conduct program and project evaluations as required by this title.

REPORTS

Annual submittal to President and Congress.

SEC. 404. Not later than one hundred and twenty days after the close of each fiscal year, the Secretary shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act. Such annual reports shall include (1) statistical data reflecting, with the maximum feasible detail vocational rehabilitation services provided handicapped individuals during the preceding fiscal year, (2) specifically distinguish among rehabilitation closures attributable to physical restoration, placement in competitive employment, extended or terminal employment in a sheltered workshop or rehabilitation facility, employment as a homemaker or unpaid family worker, and provision of other services, and (3) include a detailed evaluation of services provided with assistance under title I of this Act, especially services to those with the most severe handicaps.

SECRETARIAL RESPONSIBILITIES

SEC. 405. (a) It shall be the function of the Secretary, with the assistance of agencies within the Department, other departments and agencies within the Federal Government, handicapped individuals, and public and private agencies and organizations, through the Office of the Secretary, to—

Services, long-range projection, submittal to Congress.

(1) prepare for submission to the Congress within eighteen months after the date of enactment of this Act, a long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals;

(2) analyze on a continuing basis and include in his report submitted under section 404, a report on the results of such analysis, program operation to determine consistency with applicable provisions of law, progress toward meeting the goals and priorities set forth in the projection required under clause (1), and the effectiveness of all programs providing services to handicapped individuals, and the elimination of unnecessary duplication and overlap in such programs under the jurisdiction of the Secretary;

(3) encourage coordinated and cooperative planning designed to produce maximum effectiveness, sensitivity, and continuity in the provision of services for handicapped individuals by all programs;

(4) develop means of promoting the prompt utilization of engineering and other scientific research to assist in solving problems in education (including promotion of the development of curriculums stressing barrier free design and the adoption of such curriculums by schools of architecture, design, and engineering), health, employment, rehabilitation, architectural, housing, and transportation barriers, and other areas so as to bring about full integration of handicapped individuals into all aspects of society;

Information clearinghouse.

(5) provide a central clearinghouse for information and resource availability for handicapped individuals through (A) the evaluation of systems within the Department of Health, Education, and Welfare, other departments and agencies of the Federal Government, public and private agencies and organizations, and other sources, which provide (i) information and data regarding the location, provision, and availability of services and programs for handicapped individuals, regarding research and recent medical and scientific developments bearing on handicapping conditions (and their prevention, amelioration, causes, and cures), and regarding the current numbers of handicapped individuals and their needs, and (ii) any other such relevant information and data which the Secretary deems necessary; and (B) utilizing the results of such evaluation and existing information systems, the development within such Department of a coordinated system of information and data retrieval, which will have the capacity and responsibility to provide general and specific information regarding the information and data referred to in subclause (A) of this clause to the Congress, public and private agencies and organizations, handicapped individuals and their families, professionals in fields serving such individuals, and the general public.

Personnel selection.

(b) In selecting personnel to assist in the performance of the functions assigned in subsection (a) of this section, the Secretary shall give special emphasis to qualified handicapped individuals.

Office for the Handicapped, establishment.

(c) The functions assigned to the Secretary by this section shall not be delegated to any persons not assigned to and operating in the Office of the Secretary, except that he may establish an Office for the Handicapped in the office of an appropriate Assistant Secretary of the Department of Health, Education, and Welfare to carry out such functions.

Appropriation.

(d) There are authorized to be appropriated for carrying out this section $500,000 each for the fiscal years ending June 30, 1974, and June 30, 1975.

Funds, availability, notification of congressional committees.

(e) Not later than thirty days after the appropriation Act containing sums for carrying out the provisions of this Act is enacted for each fiscal year, the Secretary shall set aside out of sums available to carry out this section or otherwise available pursuant to any other Act, an amount which he determines is necessary and appropriate to enable him to carry out the provisions of this section and shall notify the appropriate committees of the Congress of the amount so set aside, the number of personnel necessary for such purpose, and the basis for his determination under this subsection and his reasons therefor.

SHELTERED WORKSHOP STUDY

SEC. 406. (a) The Secretary shall conduct an original study of the role of sheltered workshops in the rehabilitation and employment of handicapped individuals, including a study of wage payments in sheltered workshops. The study shall incorporate guidelines which are consistent with criteria provided in resolutions adopted by the Committee on Labor and Public Welfare of the United States Senate or the Committee on Education and Labor of the United States House of Representatives, or both.

(b) The study shall include site visits to sheltered workshops, interviews with handicapped trainees or clients, and consultations with interested individuals and groups and State agencies designated pursuant to section 101.

Ante, p. 363.

(c) Any contracts awarded for the purpose of carrying out all or part of this study shall not be made with individuals or groups with a financial or other direct interest in sheltered workshops.

Report to Congress.

(d) The Secretary shall report to the Congress his findings and recommendations with respect to such study within twenty-four months after the date of enactment of this Act.

STATE ALLOCATION STUDY

SEC. 407. (a) The Secretary shall conduct a thorough study of the allotment of funds among the States for grants for basic vocational rehabilitation services authorized under part B of title I of this Act, including a consideration of—

Ante, p. 370.

(1) the needs of individuals requiring vocational rehabilitation services;

(2) the financial capability of the States to furnish vocational rehabilitation assistance including, on a State-by-State basis, per capita income, per capita costs of services rendered, State tax rates, and the ability and willingness of a State to provide the non-Federal share of the costs of rendering such services;

(3) the continuing demand upon the States to furnish vocational rehabilitation services, together with a consideration of the factor that no State would receive less Federal financial assistance under such part than it received under section 2 of the Vocational Rehabilitation Act in the fiscal year immediately prior to the enactment of this Act.

79 Stat. 1282.
29 USC 32.

(b) Not later than June 30, 1974, the Secretary shall report to the Congress his findings and recommendations, including recommendations for additional legislation, with respect to the study required by this section, which report shall include recommendations with respect to allotment of Federal funds among the States and the Federal share of the cost of furnishing vocational rehabilitation services by the States.

Report to Congress.

TITLE V—MISCELLANEOUS

EFFECT ON EXISTING LAW

SEC. 500. (a) The Vocational Rehabilitation Act (29 U.S.C. 31 et seq.) is repealed ninety days after the date of enactment of this Act and references to such Vocational Rehabilitation Act in any other provision of law shall, ninety days after such date, be deemed to be references to the Rehabilitation Act of 1973. Unexpended appropriations for carrying out the Vocational Rehabilitation Act may be made available to carry out this Act, as directed by the President. Approved State plans for vocational rehabilitation, approved projects, and contractual arrangements authorized under the Vocational Rehabilitation Act will be recognized under comparable provisions of this Act so that there is no disruption of ongoing activities for which there is continuing authority.

Repeal.
68 Stat. 652;
79 Stat. 2182;
82 Stat. 297.
Unused funds.
Savings provision.

(b) The authorizations of appropriations in the Vocational Rehabilitation Act are hereby extended at the level specified for the fiscal year 1972 for the fiscal year 1973.

Appropriations, extension.

EMPLOYMENT OF HANDICAPPED INDIVIDUALS

SEC. 501. (a) There is established within the Federal Government an Interagency Committee on Handicapped Employees (hereinafter in this section referred to as the "Committee"), comprised of such members as the President may select, including the following (or their designees whose positions are Executive Level IV or higher): the Chairman of the Civil Service Commission, the Administrator of Veterans' Affairs, and the Secretaries of Labor and Health, Education, and Welfare. The Secretary of Health, Education, and Welfare and the Chairman of the Civil Service Commission shall serve as co-chairmen of the Committee. The resources of the President's Committees on Employment of the Handicapped and on Mental Retardation shall be made fully available to the Committee. It shall be the purpose and function of the Committee (1) to provide a focus for Federal and other employment of handicapped individuals, and to review, on a periodic basis, in cooperation with the Civil Service Commission, the adequacy of hiring, placement, and advancement practices with respect to handicapped individuals, by each department, agency, and instrumentality in the executive branch of Government, and to insure that the special needs of such individuals are being met; and (2) to consult with the Civil Service Commission to assist the Commission to carry out its responsibilities under subsections (b), (c), and (d) of this section. On the basis of such review and consultation, the Committee shall periodically make to the Civil Service Commission such recommendations for legislative and administrative changes as it deems necessary or desirable. The Civil Service Commission shall timely transmit to the appropriate committees of Congress any such recommendations.

Interagency Committee on Handicapped Employees, establishment.
83 Stat. 864.
5 USC 5315 note.
Committee functions.

(b) Each department, agency, and instrumentality (including the United States Postal Service and the Postal Rate Commission) in the executive branch shall, within one hundred and eighty days after the date of enactment of this Act, submit to the Civil Service Commission

Federal agencies, affirmative action program plans.

and to the Committee an affirmative action program plan for the hiring, placement, and advancement of handicapped individuals in such department, agency, or instrumentality. Such plan shall include a description of the extent to which and methods whereby the special needs of handicapped employees are being met. Such plan shall be updated annually, and shall be reviewed annually and approved by the Commission, if the Commission determines, after consultation with the Committee, that such plan provides sufficient assurances, procedures and commitments to provide adequate hiring, placement, and advancement opportunities for handicapped individuals.

Rehabilitated individuals, employment.

(c) The Civil Service Commission, after consultation with the Committee, shall develop and recommend to the Secretary for referral to the appropriate State agencies, policies and procedures which will facilitate the hiring, placement, and advancement in employment of individuals who have received rehabilitation services under State vocational rehabilitation programs, veterans' programs, or any other program for handicapped individuals, including the promotion of job opportunities for such individuals. The Secretary shall encourage such State agencies to adopt and implement such policies and procedures.

Report to congressional committees.

(d) The Civil Service Commission, after consultation with the Committee, shall, on June 30, 1974, and at the end of each subsequent fiscal year, make a complete report to the appropriate committees of the Congress with respect to the practices of and achievements in hiring, placement, and advancement of handicapped individuals by each department, agency, and instrumentality and the effectiveness of the affirmative action programs required by subsection (b) of this section, together with recommendations as to legislation which have been submitted to the Civil Service Commission under subsection (a) of this section, or other appropriate action to insure the adequacy of such practices. Such report shall also include an evaluation by the Committee of the effectiveness of the Civil Service Commission's activities under subsections (b) and (c) of this section.

Unpaid Federal work experience.

(e) An individual who, as a part of his individualized written rehabilitation program under a State plan approved under this Act, participates in a program of unpaid work experience in a Federal agency, shall not, by reason thereof, be considered to be a Federal employee or to be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

Federal agency cooperation.

(f)(1) The Secretary of Labor and the Secretary of Health, Education, and Welfare are authorized and directed to cooperate with the President's Committee on Employment of the Handicapped in carrying out its functions.

(2) In selecting personnel to fill all positions on the President's Committee on Employment of the Handicapped, special consideration shall be given to qualified handicapped individuals.

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

Establishment; membership.

83 Stat. 864.
5 USC 5315 note.

SEC. 502. (a) There is established within the Federal Government the Architectural and Transportation Barriers Compliance Board (hereinafter referred to as the "Board") which shall be composed of the heads of each of the following departments or agencies (or their designees whose positions are Executive Level IV or higher):

(1) Department of Health, Education, and Welfare;
(2) Department of Transportation;
(3) Department of Housing and Urban Development;
(4) Department of Labor;

(5) Department of the Interior;
(6) General Services Administration;
(7) United States Postal Service; and
(8) Veterans' Administration.

(b) It shall be the function of the Board to: (1) insure compliance with the standards prescribed by the General Services Administration, the Department of Defense, and the Department of Housing and Urban Development pursuant to the Architectural Barriers Act of 1968 (Public Law 90-480), as amended by the Act of March 5, 1970 (Public Law 91-205); (2) investigate and examine alternative approaches to the architectural, transportation, and attitudinal barriers confronting handicapped individuals, particularly with respect to public buildings and monuments, parks and parklands, public transportation (including air, water, and surface transportation whether interstate, foreign, intrastate, or local), and residential and institutional housing; (3) determine what measures are being taken by Federal, State, and local governments and by other public or nonprofit agencies to eliminate the barriers described in clause (2) of this subsection; (4) promote the use of the International Accessibility Symbol in all public facilities that are in compliance with the standards prescribed by the Administrator of the General Services Administration, the Secretary of Defense, and the Secretary of Housing and Urban Development pursuant to the Architectural Barriers Act of 1968; (5) make to the President and to Congress reports which shall describe in detail the results to its investigations under clauses (2) and (3) of this subsection; and (6) make to the President and to the Congress such recommendations for legislation and administration as it deems necessary or desirable to eliminate the barriers described in clause (2) of this subsection.

82 Stat. 718; 84 Stat. 49. 42 USC 4151.

International Accessibility Symbol, promotion.

Reports to President and Congress.

(c) The Board shall also (1) (A) determine how and to what extent transportation barriers impede the mobility of handicapped individuals and aged handicapped individuals and consider ways in which travel expenses in connection with transportation to and from work for handicapped individuals can be met or subsidized when such individuals are unable to use mass transit systems or need special equipment in private transportation, and (B) consider the housing needs of handicapped individuals; (2) determine what measures are being taken, especially by public and other nonprofit agencies and groups having an interest in and a capacity to deal with such problems, (A) to eliminate barriers from public transportation systems (including vehicles used in such systems), and to prevent their incorporation in new or expanded transportation systems and (B) to make housing available and accessible to handicapped individuals or to meet sheltered housing needs; and (3) prepare plans and proposals for such further actions as may be necessary to the goals of adequate transportation and housing for handicapped individuals, including proposals for bringing together in a cooperative effort, agencies, organizations, and groups already working toward such goals or whose cooperation is essential to effective and comprehensive action.

Transportation barriers.

(d) In carrying out its functions under this section, the Board shall conduct investigations, hold public hearings, and issue such orders as it deems necessary to insure compliance with the provisions of the Acts cited in subsection (b). The provisions of subchapter II of chapter 5, and chapter 7 of title 5, United States Code, shall apply to procedures under this section, and an order of compliance issued by the Board shall be a final order for purposes of judicial review.

5 USC 551, 701.

80 Stat. 415.

(e) The Board is authorized to appoint as many hearing examiners as are necessary for proceedings required to be conducted under this section. The provisions applicable to hearing examiners appointed under section 3105 of title 5, United States Code, shall apply to hearing examiners appointed under this subsection.

Technical assistance.

5 USC 5332 note.

80 Stat. 499; 83 Stat. 190.

(f) The departments or agencies specified in subsection (a) of this section shall make available to the Board such technical, administrative, or other assistance as it may require to carry out its functions under this section, and the Board may appoint such other advisers, technical experts, and consultants as it deems necessary to assist it in carrying out its functions under this section. Special advisory and technical experts and consultants appointed pursuant to this subsection shall, while performing their functions under this section, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the daily pay rate, for a person employed as a GS-18 under section 5332 of title 45, United States Code, including traveltime, and while serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of such title 5 for persons in the Government service employed intermittently.

Report to Congress.

Report to the President and Congress.

(g) The Board shall, at the end of each fiscal year, report its activities during the preceding fiscal year to the Congress. Such report shall include an assessment of the extent of compliance with the Acts cited in subsection (b) of this section, along with a description and analysis of investigations made and actions taken by the Board, and the reports and recommendations described in clauses (5) and (6) of subsection (b) of this section. The Board shall prepare two final reports of its activities under subsection (c). One such report shall be on its activities in the field of transportation barriers to handicapped individuals, and the other such report shall be on its activities in the field of the housing needs of handicapped individuals. The Board shall, prior to January 1, 1975, submit each such report, together with its recommendations, to the President and the Congress. The Board shall also prepare for such submission an interim report of its activities in each such field within 18 months after the date of enactment of this Act.

Appropriation.

(h) There are authorized to be appropriated for the purpose of carrying out the duties and functions of the Board under this section $1,000,000 each for the fiscal years ending June 30, 1974, and June 30, 1975.

EMPLOYMENT UNDER FEDERAL CONTRACTS

Ante, p. 361.

SEC. 503. (a) Any contract in excess of $2,500 entered into by any Federal department or agency for the procurement of personal property and nonpersonal services (including construction) for the United States shall contain a provision requiring that, in employing persons to carry out such contract the party contracting with the United States shall take affirmative action to employ and advance in employment qualified handicapped individuals as defined in section 7(6). The provisions of this section shall apply to any subcontract in excess of $2,500 entered into by a prime contractor in carrying out any contract for the procurement of personal property and nonpersonal services (including construction) for the United States. The President shall implement the provisions of this section by promulgating regulations within ninety days after the date of enactment of this section.

(b) If any handicapped individual believes any contractor has failed or refuses to comply with the provisions of his contract with the United States, relating to employment of handicapped individuals, such individual may file a complaint with the Department of Labor. The Department shall promptly investigate such complaint and shall take such action thereon as the facts and circumstances warrant, consistent with the terms of such contract and the laws and regulations applicable thereto.

(c) The requirements of this section may be waived, in whole or in part, by the President with respect to a particular contract or subcontract, in accordance with guidelines set forth in regulations which he shall prescribe, when he determines that special circumstances in the national interest so require and states in writing his reasons for such determination.

Waiver authority.

NONDISCRIMINATION UNDER FEDERAL GRANTS

SEC. 504. No otherwise qualified handicapped individual in the United States, as defined in section 7(6), shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Ante, p. 361.

Approved September 26, 1973.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 93-244 (Comm. on Education and Labor) and
No. 93-500 (Comm. of Conference).
SENATE REPORTS: No. 93-318 accompanying S. 1875 (Comm. on Labor and Public Welfare) and No. 93-391 (Comm. of Conference).
CONGRESSIONAL RECORD, Vol. 119 (1973):
June 5, considered and passed House.
July 18, considered and passed Senate, amended, in lieu of S. 1875.
Sept. 13, Senate agreed to conference report.
Sept. 18, House agreed to conference report.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 9, No. 39:
Sept. 26, Presidential statement.

Mr. **Brademas**. The Select Subcommittee on Education of the Committee on Education and Labor, will come to order for the purpose of continuing our oversight hearings on the future directions of the Rehabilitation Services Administration.

The Chair wants to observe at the outset this is the second day of hearings we have held on this subject. It will not be the last.

The Chair makes that observation for two reasons. One—on the basis of the information that the subcommittee has—there will be many more questions that we will want to put to the administrators of this program than we shall have time for this morning. Second, the members of the full committee, on both sides of the aisle, who were not able to participate in these hearings today have asked that we schedule a subsequent hearing in order that they too will have an opportunity to put some of their questions to the administrators of the program. So the Chair will announce, within a day or two, a third day of hearings on this matter.

The Chair wants also to observe that the information in memoranda revealed in the first hearing last August has been, judging by the correspondence to our subcommittee, a source of concern to those actively involved in the rehabilitation of handicapped Americans.

The purpose of these hearings is to provide some information to the Members of Congress on the operation of the rehabilitation program and the future plans for the program which means so much to millions of handicapped Americans.

The Chair would be less than candid if he did not also observe that another purpose of the hearing is to educate some of the members of the executive branch who may be new to their responsibilities of the means by which laws are to be made and administered under the American constitutional system of government. The intent of these hearings, therefore, has been and will continue to be to provide a learning experience so that members of the executive branch will understand that our Constitution assigns to Congress the responsibility for the passage of legislation and to the executive branch the responsibility for administering that legislation in accord with the entent of Congress.

The Chair hopes that everyone understands that, while he would prefer to provide that learning experience by means of a correspondence course, he is willing to extend these hearings into a protracted graduate seminar if necessary.

So today we will look at how the administration proposes to implement the new provisions of Public Law 93-112, the Rehabilitation Act of 1973, and particularly the committee wishes to examine the organizational structure within the Rehabilitation Service as well as regional and State offices to determine how new developments might affect the delivery of rehabilitation services to handicapped persons.

The Chair would like at this point to ask unanimous consent that several letters from leaders in the rehabilitation community expressing their alarm over information revealed at the last hearing be inserted at the appropriate point in the record. The Chair would ask to include several resolutions adopted at the recent convention of the Rehabilitation Association to be included in the appropriate point in the record. [Material referred to appears in appendix.]

We have a lengthy list of distinguished witnesses from the rehabilitation field as well as persons from the Department of Health, Education, and Welfare. The Chair would ask that the witnesses summarize their statements in order to give the committee time for questions. The entire statements of witnesses will be included in the record.

Our witnesses this morning include Mr. Craig Mills, director of the division of vocational rehabilitation in Florida; Mr. Carl Hansen, department of special education, at the University of Texas, and past president of the National Rehabilitation Counseling Association, District of Columbia; Mr. James S. Dwight, Jr., Administrator of the Social and Rehabilitation Service, accompanied by Mr. Corbett Reedy, Ms. Carolyn Betts, and Mrs. Joan Hutchinson.

We will hear first from Mr. Mills.

STATEMENT OF CRAIG MILLS, DIRECTOR, DIVISION OF VOCATIONAL REHABILITATION, FLORIDA

Mr. MILLS. Thank you. I am a member of the Council of State Administrators of Vocational Rehabilitation and State director of vocational rehabilitation in Florida.

In keeping with your comments, sir, I have turned in a formal statement and I shall now proceed to present a summary of the essential points I would like to make and will be happy to respond to questions when these are completed.

First I would like to say we appreciate this opportunity to testify before this committee as you continue these oversight hearings. I would also like to express appreciation to both your committee and full committee for the Rehabilitation Act of 1973, and making it a reality. Those in the rehabilitation movement are deeply grateful for the strong bipartisan support given to the needs of handicapped people and the interest shown in the development of this new legislation.

For those of us who administer State programs and who are part of the State-Federal vocational rehabilitation partnership, we feel a deep sense of responsibility for speaking not only for ourselves but for those deeply dependent on the way we administer our program, for the way we use our resources in the States affect greatly the operation of workshops and other public agencies who serve handicapped people.

I think it is also important to recognize that the full and effective implementation of this Federal law also depends on the development of good statutes in the States. It also depends upon people in the States working to get State appropriations for matching funds. It depends upon support of Governors and for strong support from the public and volunteer movements who are part of the total rehabilitation effort.

Mr. Chairman, I have indicated we are delighted with the challenge you have given us to give a new thrust to serving handicapped people. I think the entire rehabilitation family will take this challenge with pride. I think the purpose of Congress will be fulfilled.

I must express to you some grave concerns that are being expressed throughout the rehabilitation network about the plans of the Federal

Administration in implementing this law. I wish it would be possible to come to you today and tell you there is the same bright enthusiasm of moving forward that took place in 1943 and 1954 and 1968 when other milestones of rehabilitation legislation were passed. I cannot report to you today that this is taking place with regard to Public Law 93–112. Instead I think there is a serious concern being expressed throughout the breadth of the land with regard to the lack of prompt implementation of the wonderful new opportunities presented in this new piece of legislation.

Let me list for you, if I may, several items of concern that we keep hearing daily. First and paramount I think is the concern for effective leadership in the program. It has been a year now since Dr. Edward Newman resigned as Commissioner for the Rehabilitation Services Administration. The entire country is grateful to Mr. Corbett Reedy for his effective interim leadership. He is honored and revered and respected by everybody in the field of rehabilitation and has done a wonderful job during this transition period. But those of us in the rehabilitation movement for years know how important it is to have a person in the job with whom handicapped people identify and who is a spiritual leader of the program. There is a crying need now for permanent direction of this program and we ask the Congress in these hearings to call upon the administration to outline the plans for the selection and prompt appointment of a Commissioner of the Rehabilitation Services Administration.

Next I think we are hearing deep concerns expressed about how the Administration plans to implement the law with regard to the assignment of responsibility and carrying out the functions of the act. The law is quite specific in establishing the Rehabilitation Services Administration and indicating that it will be headed by a Commissioner. It is equally precise about stating the Rehabilitation Administration will be the principal agency for carrying out the functions of the act and the Secretary shall not approve any delegation of the functions of the Commissioner to any other officer not directly responsible to that Commissioner unless such delegation shall first be submitted to the Congress.

In addition to these requirements, the law is quite specific in assuring that the funds appropriated under the law are used only for the programs, personnel, and administering of the programs carried out under the act.

Mr. Chairman, there has been no report or announcement of any organizational plans to accommodate to this requirement of the law. Instead there has been every indication that the Social and Rehabilitation Service will continue to manage the functions of the act as it has done in the past, rather than through direct delegation through the Secretary to the Commissioner of the Rehabilitation Services Administration.

Indeed the organizational proposals that appear to be getting consideration in SRS central and regional offices indicate that vocational rehabilitation will remain in SRS under the SRS Administrator and will be only one of four SRS components which will consist of assistance payments, community services, medical services, and rehabilitation services. Essentially these components will be responsible to a management layer consisting of units identified as management, planning; research and evaluation; information systems; and policy control compliance. This does not seem to be consistent with the law.

At the regional level this organization proposal appears to go even further to relegate the Associate Regional Commissioner for Vocational Rehabilitation to the status of a program specialist who will report to a management officer for SRS who will report to the Deputy or to the Regional Commissioner for SRS. This regional staff is really the central focus that relates to States in the carrying out of the program.

It is extremely important that the communication problems and that the technical assistance efforts of this Office not be bogged down by a bureaucratic organization system of layers.

Mr. Chairman, we urge this committee in its oversight hearings to call upon the administration to demonstrate its good faith and compliance with Federal law for delegation of functions to the Commissioner of the Rehabilitation Services Administration.

As a next item, Mr. Chairman, we continue to be concerned about the problem of the preservation of integrity of the rehabilitation program in the States. The law is quite specific in requiring that there be a sole State agency, that there be a bureau of division responsible for the vocational rehabilitation program, that it be headed by a director that is full time in his responsibility, that it be manned by a staff, all of whom are full time or most of whom are full time in carrying out the functions.

The point here is that the whole purpose of the law is to guarantee that the provisions under the Vocational Rehabilitation Act and the funds appropriated under this act are reserved specifically for handicapped people who are eligible for the program and that the resources provided for them under the law should not be dissipated in any way through its administration by any broad general program which serves people other than handicapped people, and that handicapped people not have to compete for the services they need with other people in broad social service or human services delivery programs.

It has been our experience, Mr. Chairman, that the Congress in its wisdom provided these stipulations in the law for the specific protection of the handicapped, including the blind, and that the administrative experience over the years has indicated that there has been relatively no abuse in the use of rehabilitation funds. This has not been true of other funded programs where funds have been dissipated or misdirected to other uses than those stipulated. We think it is important to preserve this aspect of the law and we urge the committee in its deliberations to call upon the administration to carry out this review of State plans with diligence and to enforce the law.

We think it is also important to request that the administration not be part of any plan to encourage a State to develop a mechanism of delivery of services which migh be contrary to the law and a disservice to handicapped people.

Mr. Chairman, our next concern is with the fiscal and budget recommendations pursuant to this new act. All of the compromises that took place in the development of this act and after the strong statements by the President that the funding administration is within the act were in keeping with the experience of compromise and could be accepted action after the statements by the Secretary of HEW to the effect that earlier bills were vetoed because they set unrealistically high levels of spending but HEW rectified these mistakes and deserves the support of Congress. I think all of us in the rehabilitation movement had reason to expect there would be budget recommendations in keeping with the full authorization of the act. It is a great disappointment to us to have the 1974 and 1975 budget recommendations for many of the authorities in the act fall far short of that authorized in the law.

We feel that with the high cost of the services, the increasing cost of all services purchased, the great need of rehabilitation services for handicapped people, that there is urgent need for the full implementation of the fiscal provisions of the act.

Our next concern is with facilities. With the new thrust you have given us to serve severely handicapped people, we think it is inconsistent to come forward with a meager recommendation for the construction and staffing of facilities. Facilities are the mechanism through which severely handicapped people are served; a half of a million dollars recommendation for the entire Nation for facilities and construction this year will be only a meager attempt to fulfill this need. We think there is a great need for at least the $50 million worth of facilities construction and initial staffing this year as a companion piece to this new direction of emphasis on services for the severely handicapped and we hope it will be possible to move on in this direction.

Our next concern is for training and research. These have been essential support programs since 1954 and in the growth and development of this program. There will be other testimony on the need for training and I will not dwell on it at length except to say that it is a part of our program that we simply cannot do without and, in terms of finding and recruiting and retaining the personnel. We need to provide highly specialized services, we must have high specialized training for rehabilitation personnel. At a time when we are attempting to gain new technology for handicapped people, we need an adequate research program. We have a need for an improved services and delivery system.

We hope Congress will persuade the administration to proceed with the request for funding for both adequate training and research and that it would be in keeping with the stipulations of the law.

Our next concern, Mr. Chairman, is with the process of the development of the new regulations to Public Law 93-112. In the past this has been an essential part of the State-Federal partnership. Always when new legislation has been passed, State and volunteer organizations have been invited to assist in the development and identification of the issues that must be resolved with preparation of draft language for the regulations. Historically, when regulations have been published to the field, there has been no problem and no discontent. It has not been fraught by some of the grave concerns expressed in other Federal programs.

We expected at this time that the development would take place in the same way. The Acting Commissioner of the Rehabilitation Services Administration set in motion a timetable of issues and drafting regulations with involvement of highly skilled State personnel that could move forward in the partnership of this development and it was a sore disappointment to us to have this process stopped and to indicate that the draft of the regulations could not be revealed to State personnel, who were considered as outsiders, and that they would be able to see them only after they had been approved by the Administration.

Mr. Chairman, we don't consider ourselves outsiders. We consider ourselves a fundamental part of a State-Federal partnership under the law and we feel it is important for handicapped people to have regulations developed with the full participation of both partners in the State-Federal program.

Mr. Chairman, our final concern to be included in this testimony really refers back to the previous oversight hearings by your select committee on August 3, 1963. At that time you made public a document which called for plans to dismantle the vocational rehabilitation program in favor of a cash benefits system. It seemed to us then and it seems to us now that it is a paradox that the successful vocational rehabilitation program would be held up as a model for use by other human service programs both at the Federal and State level and at the same time there would be a careful systematic and planned program to dismantle such a successful model.

Our concern with the previous items that I have mentioned to you must be considered in the context of our continuing concern over this HEW planning document because these, taken as a whole, would appear to us to establish a pattern of reduced support for handicapped people, of reduced support for the statutory provisions in the law and reduced support for the budgetary authorizations of the financial authorizations contained in the law.

We think such a reduction of effort at this time to meet the critical needs of handicapped people and such a willingness to let handicapped people compete with all others for the specialized services they need would be a step backward at the time when we need a giant step forward to develop our services to handicapped people in the country.

On behalf of our council, I want to thank you for the opportunity to appear and present this testimony and to express our appreciation to you and your committee for your work on this legislation.

[The written statement of Craig Mills follows:]

Prepared Statement of Craig Mills, Director, Florida Division of Vocational Rehabilitation

Mr. Chairman, I am Craig Mills, State Director of Vocational Rehabilitation in Florida, and a member of the Council of State Administrators of Vocational Rehabilitation. This Council represents the 82 state rehabilitation agencies and agencies for the blind. These are agencies in the states and territories operating under state plans pursuant to the Federal Rehabilitation Act.

We deeply appreciate your invitation to testify before this Select Subcommittee as you continue your oversight hearings on Vocational Rehabilitation.

Along with many other public and volunteer agencies concerned with services for handicapped people, we have supported the development of rehabilitation legislation. We appreciate the diligent efforts of your Subcommittee and the full committee in making the Rehabilitation Act of 1973 a reality. With thousands of others in the rehabilitation movement, we now have a serious concern for the effective implementation of this new law.

While I appear before you today representing the Council of State Administrators, I feel an obligation to say that we cannot separate that role from one of representing many other groups and organizations who look to us as state directors to speak for them. The very existence of our agencies as the state component of the state-Federal vocational rehabilitation partnership means that we have a deep and intricate program involvement with handicapped people, with volunteer groups, and with public and private facilities which provide rehabilitation services. Through the provisions of the Rehabilitation Act—its authorities and funding provisions—the manner in which we administer our programs and utilize our resources affect the service delivery programs of many other agencies and groups. I cite this to emphasize the deep sense of responsibility we feel as being the state partners in the Federal program in seeking to implement the law you have given the American people, and to translate it to meaningful services that will reach the handicapped in our state.

In the states, we can only accomplish our mission with the joint program efforts and the support of all these others in the field. It is important also to recognize that full and effective implementation of the Federal Rehabilitation Act is also dependent upon the development of good state rehabilitation legislation, upon adequate state appropriations for rehabilitation by state legislatures, and upon the full support of state governors. It also depends upon the organizational status of the vocational rehabilitation agency in the state, assuring ability to work effectively with all the important components of the broad rehabilitation movement.

During the 53-year history of the state-Federal rehabilitation program, state rehabilitation agencies have demonstrated their ability to establish program linkage with a great variety of other public and private agencies and facilities. They have taken advantage of each new development in the law to innovate and expand and to launch into new efforts to reach handicapped groups who had not been served before.

Mr. Chairman, we accept the challenge that the Congress has given to us to give additional program emphasis to serving the severely handicapped people, and we are grateful for the new authorities in the law which support this. If it is possible for us—the whole rehabilitation movement—to get the necessary resources and the full support of our Federal partners in implementing this new law, we feel confident that we can make a commitment to you that the intent of Congress will be fulfilled.

Mr. Chairman, I must raise a somber note in connection with this commitment, because many of us in the rehabilitation network throughout the land have developed grave concern about the plans and intentions of the Federal Administration in implementing this new law.

I wish it were possible to report to you today that there is every indication of the same enthusiastic joint program efforts that have followed the passage of all previous major milestones in rehabilitation legislation. We all recall the thrill and excitement, the air of expectancy and hope as people from all segments of the rehabilitation family joined hands to contribute to the development of the regulations, to serve on task forces to help prepare the guidelines, and to assist in a variety of other ways to see the lines of the new law become living services in dark places where handicapped people had never had such opportunities.

I cannot report to you that this is taking place today with regard to Public Law 93-112. Instead, the country is being swept by a wave of dismay that the Administration is not taking full advantage of the new Act, is not involving the state partners in the development of the program, and is not seeking the essential advice and participation of the volunteer and private segments of the rehabilitation movement.

Let me list you several of the concerns which we are hearing expressed each day.

1. First, it has been a full year since Dr. Edward Newman resigned as Commissioner of the Rehabilitation Services Administration. He has not been replaced. The entire field reveres Acting Commissioner Corbett Reedy and is grateful to him for the integrity of his leadership during this transition period. Even though Mr. Reedy has twice delayed his retirement to continue to fill this important role, it is imperative that stability be brought to the program. It is essential that RSA have a leader with the experience and the knowledge to direct the program and to command the respect of the field.

We urge the Committee in these oversight hearings to call upon the Administration to end this damaging delay, and to let the Congress and the rehabilitation movement know where it stands in the selection of a leader.

2. Next, we are deeply concerned with the lack of any positive announcement by the Administration of how it plans to implement the law with regard to the assignment of the responsibilities for carrying out the functions under the Act. The law is quite specific in establishing the Rehabilitation Services Administration in HEW and that it be headed by a Commissioner. It is equally specific in stipulating that the RSA shall be the principal agency for carrying out the functions of the Act, and that the Secretary shall not approve any delegation of the functions of the Commissioner to any other officer not directly responsible to the Commissioner unless the Secretary shall first submit a plan for such delegation to the Congress.

In addition to these requirements, the new law is quite specific in requiring that the Secretary shall take whatever action is necessary to ensure that funds appropriated pursuant to the Act are expended only for the programs, personnel and administration of programs carried out under the Act.

These new statutory provisions are the Congressional repsonse to the testimony offered by so many segments of the rehabilitation movement that in the years following the creation of the Social and Rehabilitation Service, some of the major functions of the Rehabilitation programs were controlled by other organizational components in HEW. There was also considerable testimony to the effect that resources under the Vocational Rehabilitation Act were not being used solely for the purposes of the Act.

It seems abundantly clear to all in the field that it was the expressed intention of the Congress to have the Commissioner of the Rehabilitation Services Administration responsible for the functions under the Act under direct delegation from the Secretary without having to work through major policy and program levels of any other component agency of HEW.

There has been no report or announcement of any organizational plans to accomodate to this requirement of the law. Instead, there has been every indication that the Social and Rehabilitation Service will continue to manage the functions of the Act as it has done in the past rather than through any direct delegation from the Secretary to the Commissioner of the Rehabilitation Services Administration. Indeed, the organizational proposals that appear to be getting consideration in SRS central and regional offices indicate that vocational rehabilitation will remain in SRS under the SRS Administrator and will be one of four SRS program components consisting of Assistance Payments, Community Services, Medical Services and Rehabilitation Services. Essentially these program components will be responsible to a management layer consisting of units identified as (1) Management; (2) Planning, Research and Evaluation; (3) Information Systems; and (4) Policy Control Compliance. This does not seem to be consistent with the law.

At the regional level, the organizational proposal goes further to relegate the Associate Regional Commissioner for Vocational Rehabilitation to the status of a program specialist under a program management officer for SRS who is responsible to the SRS Regional Commissioner.

The regional rehabilitation staff is the focus of the greatest interaction between the state and Federal partners in the program. Such a proposed arrangement would further compound the communications and program problems that now exist and would appear to be a clear violation of the law.

Again, Mr. Chairman, we urge the Committee in these oversight hearings to call upon the Administration to demonstrate its good faith in compliance with Federal law for delegation of functions to the Commissioner of the Rehabilitation Services Administration.

3. As a third item, we continue to be concerned about problems in preserving the integrity of services for the handicapped in the use of Federal rehabilitation funds pursuant to a state plan of operation for vocational rehabilitation programs in each state.

The issue here is that the Rehabilitation Act contains specific requirements to protect the handicapped. Recently, a few states have requested approval by HEW of state plans of operation which may not comply with the law.

Here, again, the law is quite specific and clear. The provisions of Public Law 93-112 are practically identical with the prior Act.

In Title I, Section 101 (a)(1)(A) the law requires that the state plan shall designate a state agency as the sole state agency to administer the plan or to supervise its administration by a local agency except where the state law provides for a separate agency for the blind.

In Section 101 (a)(1)(B) the law requires that the state plan provide that the sole state agency shall include a vocational rehabilitation bureau, division, or other organizational unit which (i) is primarily concerned with vocational rehabilitation or vocational and other rehabilitation of handicapped individuals and is responsible for the vocational rehabilitation program of such state; (ii) has a full time director; and (iii) has a staff employed on such rehabilitation work of such organizational unit all or substantially all of whom are employed full time on such work; and that such unit shall be located at an organizational level and shall have an organizational status within such state agency comparable to that of other *major organizational* units of such agency.

It has been our experience, Mr. Chairman, that these provisions represent the wisdom of the Congress in assuring that there be specific program responsibility for the vocational rehabilitation of the handicapped, including the blind. It also represents the determination by the Congress that these programs be administered in the states in such a way that handicapped people not get lost in any broad program of delivery of services to all people. These provisions have prevented the fragmentation of rehabilitation services and have assured the integrity of rehabilitation programs for the handicapped. They have limited the use of Federal rehabilitation funds to specific rehabilitation programs for eligible handicapped people. During its 53-year history, the program has been remarkably free from misuse of rehabilitation funds or diverting of rehabilitation resources to any other purposes in the states. Handicapped people have benefited from this protection.

While these fairly strict requirements have protected against abuses, they have permitted flexibility in the administration of the state programs. As stated earlier in this testimony, the state rehabilitation programs have been characterized by the greatest variety of joint program efforts.

For example, most states have developed cooperative programs with other agencies and "third party" programs in which other governmental agencies provide the state matching funds to earn Federal rehabilitation funds, but always for rehabilitation purposes and for handicapped people only. These may include cooperative programs between state rehabilitation agencies and local school districts to provide work-oriented rehabilitation programs for handicapped students of employment age. These include the mentally retarded as well as the physically handicapped.

Such cooperative programs are extended to schools for the deaf, schools for the blind, state hospitals for the mentally ill, institutions for the mentally retarded and for a variety of other handicapped groups who require innovative programs. These programs have extended the outreach of rehabilitation and have demonstrated the flexibility of administration which is possible within the legal bounds of the Rehabilitation Act.

Many state rehabilitation agencies are now located administratively within larger umbrella or human service agencies. Many have always been located within state departments of education. They still have been able to conform completely to the requirements of the Rehabilitation Act and to assure that rehabilitation funds were not diverted to other services of clients of the parent agency.

Information coming from several states would indicate the possibility that Social and Rehabilitation Service staff or other HEW staff members in regional or central offices may be condoning or encouraging the development of state organizational arrangements or state plans which may not comply with the requirements of the law and which might result in the diminution of services to the handicapped.

If HEW should approve any state plan which violates the organizational requirements of the law or makes it possible for a state to use Federal rehabilitation funds for any purpose except those provided for in the Act, such action would be an open invitation to other states to follow such a course. This could only result in a disservice to handicapped people.

Mr. Chairman, we urge the Committee in these oversight hearings to call upon the Administration for a clear statement of purpose in terms of legal review and approval of state plans in keeping with requirements of the law.

5. Our fifth concern, Mr. Chairman, is with the financial and budget recommendations made by the Administration following the passage of Public Law 93-112. After supporting the fiscal compromises in the Act it does not appear that the Administration is willing to request funding at the authorized levels for each part of the program.

After two vetoes described as necessary in part because of the monetary levels authorized in the vetoed bills, the Administration and the conferees of both Houses of the Congress worked out a compromise which was considered fully acceptable. This resulted in the final passage of Public Law 93-112 with the full endorsement of the Secretary of HEW and approval by the President.

Upon signing the bill the President stated: "The process of hammering out a compromise on this matter was long and difficult. It is heartening, however, that neither the Congress nor the Administration allowed the smoke of legislative skirmishes to obscure the good we have shared from the first—that of continuing and improving a program which has long been one of the most humanitarian and effective of all Federal grant activities." The statement also included the following: "At the same time the new law wisely avoids certain pitfalls which led me to reject earlier versions. Its funding levels, while adequate, do not abrogate the fiscal discipline essential for a non-inflationary balanced budget."

When the Congressional Conference Committee reported its version of H.R. 8070, the Rehabilitation Act of 1973, Secretary Weinberger of the Department of Health, Education, and Welfare, released a message which included the following statements: "Earlier bills were vetoed because they set unrealistically high spending levels. * * * H.R. 8070 has remedied these defects. It authorizes a generous level of funding and a solid program. It deserves the support of every Member of Congress."

Mr. Chairman, in the light of these statements and the experiences associated with the development of this legislation, it appeared to those of us in the rehabilitation movement that the Administration found the authorized amounts in the Act to be acceptable and that we could move forward together in the implementation of the Act. We had reason to believe that the Administration would support budget requests at the authorized levels. It is therefore with considerable dismay that we note the Administration's budget requests for the current fiscal year, 1974, are appreciably below the compromise levels agreed upon. This is especially true with regard to the basic program of funds for services and is true for training and research, for facilities, for new authorities, and special Federal responsibilities.

Further attention will be devoted to specific concerns for training and for facilities, but particular mention should be made here of the lack of any recommendation by the Administration for implementation of the new legislative provision for advanced funding. This important provision was never in question. It was included in all versions of the legislation during the two-year history of the development of the Act. It was supported by both Houses of the Congress and by the Administration as a way of providing the states with advanced fiscal information so that states could plan legislative budget requests. This was widely supported in the field and especially by state agencies as an important new development in state-Federal coordination and fiscal management. It is therefore quite disappointing to find that the Administration included no recommendation on this issue in its budget request.

Mr. Chairman, we urge the Committee in its oversight hearings to call upon the Administration for an explanation of its position with regard to fiscal support of the authorizations in the Act, and specifically for its position with regard to the important provision for advanced funding.

6. Our sixth concern is with support for facilities. The new Act includes strong provisions for grants for construction and initial staffing of rehabilitation facilities (Sec. 301). This continuing basic provision of the prior Act which has been so important in the development of the growing network of rehabilitation facilities which provides the essential services for handicapped people. With the new emphasis in the legislation on services for severely handicapped people, it is imperative that adequate resources be made available for construction and initial staffing of rehabilitation facilities. Without such facilities there simply will be no mechanisms for providing the highly specialized services needed by severely handicapped and multiply handicapped persons.

The entire rehabilitation movement was shocked to learn that the Administration requested only one half million dollars for facilities for this year. The National Rehabilitation Association, the International Association of Rehabilitation Facilities, and the Council of State Administrators of Vocational Rehabilitation have all recommended that at least fifty million dollars be requested as the appropriation for facilities this year.

Mr. Chairman, this is a most serious omission in the budget request by the Administration. We feel that it is important for the Committee in its oversight hearings to explore this issue with the Administration.

7. Our seventh concern is with support for training and research. During the testimony before both Houses of Congress in support of rehabilitation legislation, many witnesses expressed concern over the withdrawal of the Administration's support of training. The support of highly specialized training for skilled manpower needed in the delivery of rehabilitation services has been one of the most important and most successful aspects of the rehabilitation program. The training authorities under the Act have made possible the development of counselor training programs, special programs in counseling the deaf, the blind, the mentally ill and mentally retarded. It made possible the development of entirely new programs in work evaluation and personal adjustment training and the development of new skilled manpower in facility administration. These, along with the development of training programs in rehabilitation medicine, opened up new frontiers in services for severely handicapped people who could never have been served without this specialized manpower. Colleges and universities would not have developed such programs without grant support and most of them will not be able to continue such highly specialized programs without grant support. The proposed phase-out of such training grants will result in an acute shortage of such specialized personnel at a time when the rehabilitation movement needs them most to expand and improve services to severely handicapped people.

In the development of the new Act, the Congress wisely retained all the statutory provisions for training.

The Administration has made a budget request for only $8.13 million for training for fiscal year 1974 and has indicated its intention to proceed with its planned phase-out of all training despite the continued authorizations for training in Public Law 93-112.

Mr. Chairman, the entire rehabilitation movement speaks with one voice in expressing its grave concern over the reduction and phase-out of training. Inservice training in our state agencies as well as the specialized training cited above has been the life blood of our manpower and recruitment programs. We cannot maintain the level of service or the quality of service needed for handicapped people without this essential resource. We urge the Committee in its oversight hearings to give careful attention to this matter and to take all appropriate steps with the Administration to see that this provision of the law is carried out.

There is a similar concern with the reduced Administration support for research to support the development of new knowledge and new techniques and methods for serving severely handicapped people. The administration has made a budget request for twenty million dollars for research. If the scientific development of rehabilitation is to continue, there is a need for substantially more support for research: for research in spinal cord injuries; end-stage renal disease; and for research centers devoted to programs that will assist state agencies and rehabilitation facilities in extending and improving services to severely handicapped people.

We urge the Committee to review this aspect of the program and the law with the Administration.

8. Our eighth concern is for the process of development of new regulations pursuant to Public Law 93-112. As cited earlier in this testimony, this has historically been a partnership effort by state and Federal staff members. While the Secretary of HEW has the legal responsibility to develop regulations, the staff of the Rehabilitation Service Administration has always been assigned the specific task and has utilized the technical assistance of many state rehabilitation personnel in developing the issues and in preparing the language of the regulations. This has been important to both state and Federal partners because state agencies bear most of the responsibility in applying the regulations that pertain to the delivery of rehabilitation services.

With the likelihood of passage of the Rehabilitation Act, task forces began the development of the issues to be resolved. Skilled and experienced state personnel were involved and volunteered their time to assist the small staff of the Rehabilitation Services Administration in developing and reviewing draft language for the regulations. A carefully constructed timetable was drawn up by the Acting Commissioner of the Rehabilitation Services Administration to ensure review, revision, and approval of drafts in order to meet the early deadline of having the regulations ready ninety days after the signing of the Act into law. After initial involvement of several state volunteers in the process, the Administration notified the state partners through the Acting Commissioner of the Rehabilitation Services Administration that the draft language of the regulations could not be shared with "outsiders" until the regulations had been approved by the Administration. Thus, an important aspect of the state-Federal partnership in rehabilitation has been eliminated by the Administration.

Mr. Chairman, this item may not be covered in the law, and we do not dispute the right nor the responsibility of the Secretary to develop the regulations pursuant to the law. But we submit that an important aspect of state-Federal teamwork is lost when the state partners are excluded from the process. It is suggested that the Committee may want to explore this issue with the Secretary of HEW to the end that a more open and democratic involvement of representatives of public and volunteer rehabilitation agencies as well as representatives of the Congressional committees may be of benefit to handicapped people and the programs that serve them.

9. Mr. Chairman, our final concern to be included in this testimony refers to the previous oversight hearings by your Select Subcommittee on August 3, 1973. At that time your Subcommittee made public the HEW planning document which called for plans to dismantle the proven vocational rehabilitation program in favor of a cash benefits program.

It seems a paradox that the successful vocational rehabilitation program would be held up as a model for the delivery of services in other human service programs, while at the same time plans would be developed to dismantle the program.

Perhaps no single action in the history of rehabilitation programs in this country has so alarmed every segment of public and private programs and the organized groups of handicapped people.

Our concern on the previous eight items must be viewed in the context of our continuing concern over this HEW planning document because it would appear to establish a pattern of reduced support for statutory provisions, reduced budgetary recommendations, and reduced participation by the Administration in program aspects considered essential for a vigorous state-Federal program and a vigorous team effort between the public and private sectors in rehabilitation.

Such a reduction could mean a diminished effort to meet the growing needs of handicapped people, and a willingness to let handicapped people compete with all others for the specialized services they need.

We feel this would be a tragic step backward when our developing skills and increased technology should make it possible for this nation to take giant strides forward in expending and improving our services to our handicapped citizens.

On behalf of Council members, I want to express our appreciation to you for holding these oversight hearings and for giving us the opportunity to present this testimony.

Mr. BRADEMAS. Mr. Mills, let me thank you at the outset for the great care with which, obviously, you have developed this very comprehensive statement.

Let me also ask you at the outset if you would say just a word about your own background and experience in the field of vocational rehabilitation.

Mr. MILLS. Mr. Chairman, I have been in rehabilitation since 1946. I served first as a counselor in a district office and as supervisor. I was coordinator of the disability insurance program in our State office at the time it began in 1954. I have served as a State staff member, supervisor of services, and assistant director of rehabilitation, and since 1966 I have been director of the program of vocational rehabilitation.

Mr. BRADEMAS. Thank you very much.

Mr. Mills, what I want to do is put a series of comments to you in light of your statement and then invite your response to my understanding of what you are saying.

I am going to try to get to the heart of what seems to me to be the matter before us, at least as represented by your testimony.

On page 5 you observe that the Social Rehabilitation Service will continue to have authority over rehabilitation programs and you go on to note that the Rehabilitation Services Administration will, according to some indications which you have received, be submerged beneath a management layer.

Again on page 6 you note that a similar arrangement with respect to proposals for the regional offices is apparently underway; namely, that the Associates Regional Commissioner for Vocational Rehabilitation is being relegated to the status of a "program specialist under a program management officer for SRS who is responsible to the SRS Regional Commissioner." I interrupt myself to note that the SRS Regional Commissioner will be responsible, obviously to the Administrator of SRS and not to the Commissioner of RSA.

Then on page 6 you begin a discussion of the role of the State rehabilitation agencies which concludes on page 9, that SRS may be, to quote you, "condoning or encouraging the development of State organizational arrangements or State plans which may not comply with the requirements of the law."

Does not your own discussion, then, suggest to you, Mr. Mills: First a submergence at the national, regional, and State levels of the rehabilitation program; second, a separation or fracturing of the line authority for rehabilitation from the Commissioner of RSA to individual State rehabilitation programs; third, a diffusion of responsibility for rehabilitation at every level; and fourth, an accompanying increase in management as distinguished from program personnel at every level?

Now, have I fairly stated the substance of your concerns? I realize I have not addressed myself to other matters included in your statement that have to do with training, research, facilities, and budget matters, but have I fairly stated the substance of your concern or not? Would you comment?

Mr. MILLS. Yes, Mr. Chairman, you have. I would have to answer yes, to all of the questions or positions that you have taken there. We have, as a basis for comparison, the experience between the passage of the amendments in 1954 and since 1967 when SRS was created. Prior to that time the head of Rehabilition Administration in the Washington Office worked directly with regional representatives of vocational rehabilitation in the various regions who, in turn, worked directly with the States. The lines of communication were short and tight. It was easy to get clearance on policy interpretation matters. It was easy to communicate and develop new materials, training programs, and technical assistance.

We find now a series of delays in the lines between SRS both at the Federal level and at the regional level and, as stated in my testimony, it would be my feeling, if there is serious consideration being given to the proposals that I cited, that those lines of communications would be even longer and that communication and policy interpretation matters would be even more difficult.

Mr. BRADEMAS. Following that, Mr. Mills, you have said a couple of times in your statement that regional professionals have not been involved as they have in the past in the development of rehabilitation legislation, and that you have been regarded as outsiders.

I doubt that it is of much consolation to you, but Members of Congress are also apparently in the outsider category. As the manager of this bill in the House of Representatives and as chairman of this committee, I have not been consulted about the final form, or indeed any form, of these regulations. Do you have any information about the regulations which you think might give cause for concern to those of us who are interested in seeing the law implemented?

Mr. MILLS. Prior to the time that we were considered outsiders, several of us operated in good faith. At the time the timetable was set in motion, I must say I think the Rehabilitation Services Administration had undertaken the approach to developing regulations in the same way that they had in the past and were making spendid progress in terms of identification of the major issues and the initial drafting of regulations.

Had this timetable been able to proceed, I feel confident and think most of my colleagues would have felt confident it would have been quite possible to complete the regulations in the 90 days required by the law, and have had those ready in a fashion that would have made the machinery for delivery of services immediately possible under the law. We are deeply concerned that the rehabilitation program for handicapped people be spared the kind of suffering and confusion that existed with the publication of other regulations pursuant to titles under the Social Security Act and we feel, if it is possible for these regulations to be done in the kind of acceptable fashion they have in the past, we can begin to work with this new law with no delays and confusion.

If, on the other hand, there are highly controversial developments which do not seem to be consistent with the provisions in the law, we stand the danger of having a period of delay and confusion and again only handicapped people will suffer if this takes place.

Mr. BRADEMAS. I agree with what you have said in respect of the role of professionals in the implementation of the legislation.

I should point out that members of the staffs of our committees have been asked to express their concerns about the regulations, but neither they nor members of the committee have been invited to give our reactions to the proposed regulations.

I have one final question to put to you, Mr. Mills. In your statement you also raise the question of a successor to Mr. Reedy, the Acting Commissioner, who is, I understand, to retire very shortly—and I share your high regard for him.

Now, as chairman of this committee, I have received a number of letters indicating that the Administration has narrowed its search for a successor to two persons. I should be less than candid if I did not tell you those letters reflect an apprehension that the persons under consideration have very little knowledge of the rehabilitation field, they are management types basically.

Do you have any information on what individuals the Administration might be considering to replace Mr. Reedy?

Mr. MILLS. No, I do not. To my knowledge we have not been consulted in any way with regard to the candidates who might be under consideration now.

Mr. BRADEMAS. Well, before Mr. Quie puts some questions to you, I want to reiterate my expression of appreciation to you for your testimony and to your colleagues, the State administrators of vocational rehabilitation. This is an area to which many people have committed their lives, and careers, and obviously not an area where you are going to make a lot of money. But people move into this area because they have some commitment to helping improve the capacity of handicapped people to live out their lives constructively—and I want you to know how much we appreciate your work.

As I said at the last oversight hearing, I have been very gratified that on this subcommittee, and in this committee, this legislation has had very broad bipartisan support. I think that we are at a watershed here. I am hoping that we can continue that bipartisan support. I think I would not mistake the facts if I said I believe that will be the case so far as we in Congress are concerned.

That we have to have these hearings and raise some of the questions we are raising is, I think, some indication of the apprehension that some of us on this committee feel about the attitudes of those responsible for administering the program in the executive branch have with respect to one, a commitment to improving services for the handicapped and, two, obeying the law of the land.

We are very pleased to have with us in the committee today the distinguished ranking minority member of the full committee, who has been a very strong champion of rehabilitation legislation and was one of the key shapers of the 1973 act, Mr. Quie.

Mr. QUIE. Thank you, Mr. Chairman.

Mr. Mills, I understand you represent the Council of State Administrators so you then are speaking for the individuals in the States who really have the main responsibility for the administration of the rehabilitation programs, is that correct?

Mr. MILLS. Yes, our council is composed of the 83 directors of State rehabilitation programs and programs for the blind. I have been asked to speak in their behalf today.

Mr. QUIE. Let me first ask some questions on the State level. Could you indicate to me what is the best arrangement that you can see in administering a State program for rehabilitation? Since you speak for them, you must talk of the way it operates in the various States, and it operates differently in various States, but out of your discussion there must come some kind of conclusion of what is the optimum basis. You, as an individual, must have your own feelings on it and some people who disagree with you might call them biases, but I am interested in your views because you have observed this for a long time. They evidently felt strongly enough about you that you could be here representing them. To a layman, rehabilitation sometimes looks just like teaching a person skills.

Rehabilitation is more than that. There are the medical services. People who are handicapped have emotional problems. I always look at Dr. Rusk as the expert heading the kind of consolidated service where they try and provide the medical help, the emotional help, or you can call it psychological help and then the occupational training, to try to do them all at once.

There are, nationally, a number of agencies within the State that have that responsibility. We have agencies providing training in the vocational technical schools and there are separate agencies in the

States where there is responsibility sometimes just for the blind or just for the deaf and the other handicapped.

Now, could you tell us the best way of bringing all these forces together in an optimum way just within the State? I will go from there to the regional and Federal level, but just within the State, how can they provide the best kind of services to the individual who needs rehabilitation?

Mr. MILLS. Yes, first, since you have given me the opportunity to express my bias, I would have to say that every State director of the program, given the opportunity to choose, would elect to have his program as an independent agency operating in the State with a maximum visibility with the legislature and the Governor to make known his needs of the people he is to sponsor, to request the funds and the staff and the resources to do the job. Therefore, ideally every director in rehabilitation would like to have an independent agency.

Every agency of the blind would welcome that opportunity. Realistically that has not been the pattern. Most of the rehabilitation agencies began in a department of education. The original law made it necessary to be there or under the State boards of vocational education. Over the years the pattern has changed. We have seen a number of agencies develop as independent agencies, a number of blind agencies have been components of public welfare.

In recent years the most frequent pattern has been the development of some type of human service agency which included rehabilitation with a cluster of other service delivery programs within the State.

Translating this from the administrative outlook on it to the delivery of services to handicapped clients, and what would be ideal in terms of getting these pieces you describe together in the most effective way for a client, I think our concern is with the organizational arrangement that will most nearly make it possible for someone to be able to assess the needs of an individual, to be able to plan for him on an individual basis and develop an individual plan based on his needs, to be able to corral the resources and bring them to bear on the solution of his problems and needs, to have the case service funds to be able to purchase the services wherever they might be available, whether available within the agency or within private facilities, or wherever they might be in the State, and to be able to carry this through to conclusion of, evaluation, medical services, training services, workshop and facilities, provision for appliances, whatever it might be to placement and conclusion and perhaps even followup beyond this.

I think what I have just said describes the rehabilitation process that is characteristic of most of the rehabilitation agencies in the States.

I think this can be done effectively in any setting, whether it is an independent agency or a department of education, or human service agency, or one of the umbrella agencies that have developed, if the director of rehabilitation is given the opportunity to carry out the provisions in the law. The provisions in the law make possible the delivery of rehabilitation services in an effective way and leave a director every flexibility in being able to establish the linkages he needs with mental health agencies, mental retardation agencies, crippled children's programs, training programs, special education programs, or whatever they may be within his State whether they are within his own department, his parent department or outside the department in other private agencies. I hope I have responded to your question.

Mr. QUIE. As you have observed the various States, do you think it works best, where there is a separate agency for rehabilitation, completely separate, or where they are part of an umbrella agency?

Mr. MILLS. I would have to be honest and say I think more progress perhaps has been made in those agencies who have been given separate agency status and who have been able to work directly with other agencies and with the legislature as an independent rehabilitation agency or independent blind agency.

Outstanding examples in the country would generally be among those. That is not to say there is not outstanding work being done in others, but this would have to be cited as a method of choice.

Mr. QUIE. Where that exists, I would think you would be speaking for most of the State administrators in that the ones I visited with share the same view you have.

What I do find, though, are individuals who have responsibility for other services, for instance providing assistance for the needy, the welfare recipients in some cases, some people on the health side and some people on the vocational rehabilitation side. Some people will say the rehabilitation administrator wants to run his own little department and he won't cooperate on the other sides. How do you resolve that problem. Maybe you think it is not a problem.

Mr. MILLS. I think this depends on the leadership and management ability of the State director. I think your point is well taken that perhaps some mechanism may make more available to many State directors the cooperation of other peers among directors of State agencies.

In my own State, vocational rehabilitation is a division in the department of health and rehabilitative services. I am able to work at a peer level with the director of health, of mental retardation, and the division of family services, which is the division of welfare agencies, youth services, and mental health. If I were to have any problem in being able to get the cooperation and coordination from any of those other directors, I could go to the department head and request that cooperation. It has not been necessary, but I think your point leads to the question of whether that might be further implemented by having that kind of organizational arrangement available within a State.

Mr. QUIE. Now where that organizational arrangement is operating within a State, have you made any observation of the type of an individual who heads that? We have heard the talk in the Federal level of the Administration bringing in management types rather than people who have had experience in the programs.

The other question I have is what if the person had more experience or all his experience in one of the components and, therefore, the jealousy of the others feeling he is not as knowledgeable as they are.

Mr. MILLS. I am tempted to say it takes a sense of humor and a thick skin. It is an impossible job. It calls for all kinds of experience an individual may have had to bridge those responsibilities and respond to the problems that inevitably occur daily in such a complex structure of agencies.

Generally I think our response has been that the person with the broadest experience in State government who knows his way around in the budgetary process and the legislature, as well as those who would have experience and an understanding of the problems of the human service programs and its delivery system would come nearer to being the ideal kind of person one would seek for this type of umbrella or human service agency.

Mr. QUIE. Then you feel that it is more important that he have a substantial amount of experience in the various aspects of the services going to rehabilitation, the ones that are outside the vocational rehabilitation agency itself and, of course, some experience in management rather than to be an expert in just the one area, just a manager, or just in one particular area?

Mr. MILLS. I think this is true. He needs and should have adequate management available to him. This ought to be at a level below him, and he ought to be sufficiently knowledgeable about the program to be articulate on it, and to be its spokesman in terms of translating that program, interpreting it to the public, to the legislature, to the Governor, and to the concerns from citizens who belong to the voluntary effort which relate to him.

Mr. QUIE. We have a Vocational Rehabilitation Act which is administered out of the Department of Health, Education, and Welfare. They provide money to the State plus certain directions so that you operate within the law. What is it that a regional office provides you that you would not receive just as well right here in Washington in the way of information? You know your telephone won't cost much more. Is your regional office in Atlanta or Florida?

Mr. MILLS. Atlanta.

Mr. QUIE. So the telephone cost isn't much more. Getting on an airplane doesn't cost much more to come here if you have to do that. The mail there is about as slow to Washington as to Atlanta, both ways. What do you get out of a regional office that is necessary?

Mr. MILLS. If there could be a sufficiently large staff here to be responsive to all 50 States and territories, I suppose States could work directly with the Washington Office and obtain everything traditionally they have obtained in the past from regional offices. On the other hand, we have found, especially in the past, when regional offices dealt with a cluster of five to eight States and had the opportunity to establish ongoing working relationships, they could provide technical assistance with the laws and the casework procedures; they could offer short-term training, could offer close review and assistance in the development of grants and facility applications, could attend meetings within the States and within the regions where these kinds of consultations and technical assistance took place, there developed a teamwork relationship which was more direct and was more effective than would usually exist between those local agencies or State agencies which have to deal directly with the single Federal agency in Washington.

I think all of us in the field would take the point that the regional working relationship in the past has been one of the strengths of the State-Federal vocational rehabilitation program, and that this partnership has been best exemplified in its working relationship at the regional level.

Mr. QUIE. You have observed how it operated prior to 1968. There was little in the regional offices. There was some change or shift out to the regional offices in that time. Additional responsibility was put into the regional offices 1½ years ago. Would your experience in those three time periods prior to 1968, between 1968 and about 1½ years ago, and the present time, lead you to believe that your ability to operate a program well has improved with each of these changes or are there some criticisms in these changes that you would like to point out? I know you are reacting to this latest move, but I would like to find your views on the moves that were made and perhaps you could group them into two steps.

Mr. MILLS. Yes, I could answer that specifically and honestly without going to this contemplated move or proposal. Beginning in reverse order, I don't think we detect any great differences in what existed in whatever different decentralization of regional offices that might have taken place in the last 2 years. It is easy to refer to the change after 1967 and compare that to the relationship that existed in the years before then.

As I indicated earlier, there was a very close working relationship between the Washington Rehabilitation Office, the regional rehabilitation office and States in a direct-line communication assistance program.

With the layers created by the Social and Rehabilitation Service both here in Washington and in the regional offices, I think it would be the frank expressed opinion of every State that this had retarded the kind of partnership working relationship that I have described and that it has not been nearly so effective in these years as it was in the years prior to 1967.

Mr. QUIE. Now that being the case, what were the specific changes that were made which retarded your ability to handle your problems?

Mr. MILLS. Beginning at the regional office, the regional director for vocational rehabilitation who operated in a direct working relationship with the HEW regional director, who worked directly with States, and who worked directly with the Washington Vocational Rehabilitation Administration was made an associate regional commissioner for Vocational Rehabilitation under the regional commissioner for Social and Rehabilitation Services. Generally, the regional commissioner for the Social and Rehabilitation Service had a series of deputy regional commissioners, each one of whom worked several States, and who had overall program responsibility without specific program experience or technical ability within all of the programs with which he was concerned or primarily the lines of communication were through the regional commissioner, primarily the clearances on policies, procedures, grants, applications, research, training, everything went through the regional commissioner for SRS rather than the associate regional commissioner for rehabilitation. This was the primary difference at the regional level.

Here in Washington, with the creation of the Social Rehabilitation Service, there was created at the SRS level policy procedures and clearance functions in training, research, practically every phase of the program where the programs of rehabilitation instead of reaching directly from the Commissioner of Rehabilitation to the regions and the States, they had to work their way through the policies and programs and procedures of SRS, which were many times more primarily concerned with other program components in the welfare program, medical services, or the other components in the network of SRS.

We found at that time that the sharpness with which training services, research services, and grant programs had been delivered was blunted, and these tended to be diffused through policy priorities which had to do with a broad scope of things in SRS rather than being attuned specifically to the purpose in the Vocational Rehabilitation Act from which they were derived.

Mr. QUIE. That is a good explanation of your reason why you prefer to go back to the 1967 period. Could you then state, so it would appear at this point in the record, on top of that why you oppose this next step? I mean you gave a good explanation of why you don't like the way it operates now as compared to 1967, could you explain what further difficulty it would cause by this next step in decentralization?

Mr. MILLS. If the information I have is correct and if the regional associate commissioner for vocational rehabilitation is to be made a program specialist in the regional office and reporting to a management specialist, who would report to the Deputy, who would report to the Commissioner for SRS, the regional man for rehabilitation becomes a third or fourth level staff man rather than being the central focus for vocational rehabilitation in the region. I would see this as being one step down in the layers of hierarchy of the Administration at the regional level below what prevails now, and perhaps two steps down, depending on the working relationship between the Commissioner and Deputy Commissioner, in the lines of reporting that are established.

I would see the regional specialist even less able to deal in a direct working relationship with States in terms of training, research, grants, facilities, programs, and other aspects of the law. Here at the Washington level it would appear that the Commissioner for the Rehabilitation Services Administration would still have to clear through management levels above him in being able to effect use of the training provisions in the Vocational Rehabilitation Act, certain research provisions in the Vocational Rehabilitation Act, and many other authorities, and these would have to become consistent with the broad authorities developed for the Social and Rehabilitation Service, and to other programs not specifically relating to the programs of vocational rehabilitation.

Mr. QUIE. The only comment I have is in your anticipation of what would happen to those components of the act, I think it would be contrary to the law because we have very specifically laid down that the Director of RSA could not transfer his responsibility to someone else in the Department without coming to the Congress first. I would ask the gentleman from Indiana if that is not his interpretation of the law the way we wrote it?

Mr. BRADEMAS. The gentleman is correct.

Mr. QUIE. Let me ask one final question. I gather if you had your druthers, and if you only had the chance of staying the way you are now in the regional office or this next move, you would like to stay where you are now. And if you had your druthers, you would sooner go back to 1967 rather than stay where you are now.

Let me ask this last question. What would be your recommendation if you had the choice between either operating the way you are now or this next move, or to abolish the regional office and deal directly with the Director of RSA here in Washington?

Mr. MILLS. When one is confronted with two or more difficult choices, none of which seem to be ideal, you take the one that seems to be the least damaging of multiple bad choices. Among those, I suppose one would have to chose for the abolition of the regional setup entirely, and I would have to follow that with a comment that I woud personally deplore the loss of the fine assistance we get from our regional rehabilitation people.

Mr. QUIE. Thank you.

Mr. BRADEMAS. We are pleased in the subcommittee to have with us another distinguished guest, the chairman of the full committee, who has been a vigorous champion of vocational rehabilitation since he has been a member of this committee, the gentleman from Kentucky, Mr. Perkins.

The Chair would also say how pleased we are to have a member from another committee, the gentleman from Arkansas, Mr. Thornton.

Chairman PERKINS. First let me compliment the distinguished gentleman from Indiana, Mr. Brademas, for the oversight hearings in this area.

I regret, Mr. Mills, that I have not heard all of your testimony, but over a period of years I have witnessed the growth of the program from just a few hundred being rehabilitated back in 1949 and 1950 to the hundreds of thousands. I would certainly hate to see this program in anyway partly merged at the State level with other social services.

There are certain programs that we have to hold fast to, and this is one of those programs in a categorical way, vocational rehabilitation.

I notice in your response to Mr. Quie's questions, it would appear to me that the purpose of the regional offices by and large serve only one purpose, to decentralize and to merge certain programs with other programs. Do you see evidence that at the local level in your State that, if we do not give you different direction from Washington, that your vocational rehabilitation program may be merged with other social service programs if it drifts and continues to drift in the direction that you have described to me?

Mr. MILLS. Yes, I do. I think it is difficult to argue with the concept that we ought to experiment in every way with any kind of new delivery system that will get services to people in need more effectively.

On the other hand, if vocational rehabilitation must be delivered by people who are not rehabilitation counselors, and have responsibilities in addition to vocational rehabilitation, if rehabilitation Federal funds can be expended at the State level by persons who are not responsible for rehabilitation, and who are serving other people as well, if no one person is responsible for the planning of a program of rehabilitation for each handicapped individual and for assuring that funds are expended for that purpose, I think we lay ourselves open to the tempting opportunity that vocational rehabilitation funds become a kind of block grant or revenue sharing for broad social services rather than being delivered exclusively for the services of handicapped people.

This is the point that I have made within the testimony. I think, however, sir, that we must point out in saying that that people in vocational rehabilitation don't want to stand alone or to exclude themselves from the innovations taking place in the human service delivery system. We want to be part of it, and we want to be at the core of it. We want to be involved in the most effective way for handicapped people. But we think the law you have given us gives us every flexibility to do this and to establish linkage, joint program efforts, cooperative third-party funding efforts with anybody in the human delivery system who wants to serve handicapped people.

I don't see that as any bar or threat or detriment to the effective innovating of the system to help handicapped people.

Chairman **Perkins**. Let's just assume that the Administration lets the administration of the program in the regional offices continue to drift, as it is presently drifting, how would you suggest that we stop this drifting in order to let this program stand out once and for all as it will be operated separately as a vocational rehabilitation program in such a manner as you have described to this committee?

I take it from your testimony that you have been administering this program for a period of years down there, and you know what you are talking about. You impress me that way at least. Just what would be your suggestion to keep this program from drifting and getting bogged down and merged and destroy the innovations and great strides in rehabilitating people that we have made in training people? What would be your chief suggestion, assuming under the present law that it is going to continue to drift.

Now the administrators will have a right to respond a little later to that, but just what suggestion can you give us here at this time? We have to ask people with good judgment, and good administrators that can foresee what is happening, how to preserve the integrity of vocational rehabilitation. Would you give us your suggestions?

Mr. **Mills**. Sir, I think I would have to indicate that we would depend upon the wisdom and the judgment of the Congress in terms of how this could be effected, or indeed enforced if that becomes necessary. As cited earlier, our joint partnership in this program has been such a close and effective one I would have to express here the hope that this kind of enforcement would not be necessary and that we should be able to depend upon the good will and joint program efforts of the Administration to carry out the provisions of the law.

If this is done, and if both Federal and regional office people work with States in an attitude of good will, of complying with the protective provisions of the statute to preserve the services for handicapped people, I don't think we will have this tendency to drift away or destroy the program's integrity of its central focus on handicapped people. I would hope this would be the course of action that would prevail.

Chairman **Perkins**. The reason I speak out so bluntly is because I have observed over a period of years—we visited numerous centers back in 1953 up in New York, Warm Springs, and Staunton, Va., others in the South—Georgia. We emphasized in the law what should be done and, to my way of thinking, we are just continuing; we are just beginning to make the real progress that was contemplated—and any obstacles that are placed in the way of this progress—under the leadership of the distinguished gentleman from Indiana, Mr. Brademas—I want to take my hat off to Mr. Brademas for conducting these hearings, because this has disturbed me down in the mining communities. I have seen people lay there with broken backs and die with bed sores years ago before I came to Congress, and not one thing could be done about it.

But you no longer see a situation like that. If a man's spine is almost destroyed, his lumbar and dorsal region, you see corrections made, and you people are doing a great job, one of the greatest jobs that could possibly be done, and to think about letting this thing go along and be merged and get bogged down would be dereliction on our part. And that is the reason I have said all I want to here. I am going to back this chairman of this subcommittee to the limit, Mr. Brademas, in this program he has sponsored and expanded so greatly in the past few years, to see that this program does not get bogged down.

I guess my district is affected as much as any State in the Nation because of the great number of mining injuries we have had throughout the years, and it really touches me to think of this program getting involved with other related—you may say related but they are not related—social services that are not important to the extent—and it pleases me to see a witness like yourself come here to help this committee out. That is all I have to say.

Mr. **Brademas.** Thank you, Mr. Chairman, for your eloquence in expressing your deeply felt concern for this program.

The gentleman from Idaho, Mr. Hansen, who has also made a significant contribution to this legislation.

Mr. **Hansen.** Thank you, Mr. Chairman.

I have only one brief question. I note your testimony is extremely important because of your long experience and impressive credentials, including your position of representing the Council of State Administrators of Vocational Rehabilitation.

My question is, do you know of any of the administrators who don't pretty fully share the assessment that is reflected in your own testimony? Is this substantially all of those? I sense from your comments it is, but I would like to have you reinforce that conception if that is true.

Mr. **Mills.** Mr. Hansen, I don't know whether among 83 individuals one could ever get a total consensus. I was selected to present this because I am a past president of the Council of State Administrators, and have worked with most of the State directors for a relatively long period of time. My testimony was prepared and reviewed by the executive committee of the council, who approved it. The officers of the council approved it. Whether there might be one, two, or five individuals who disagree with it in its entirety or any part of it, one could not state. I think in candor there would be perhaps two or three that would not take the strong position I have with regard to the preservation of the integrity of the program wtihin the States. I think generally these are directors whose experience has been in other programs prior to coming to rehabilitation and who perhaps see it in a different light than I must see it because of my prior experience in it.

I hope I would not be lacking in humility to say that I believe the testimony I have presented would be fully acceptable to more than 90 percent of the members of the Council of State Administrators.

Mr. Hansen. That was the point I wanted to develop. First you know of no clear dissent, and also it does represent a very broad consensus within those who have the most immediate responsibility for the administration of these programs.

Thank you, Mr. Chairman.

Mr. Brademas. The gentleman from your own home State, a member of the subcommittee, Mr. Lehman.

Mr. Lehman. Thank you Mr. Chairman.

I want to say it is a privilege to have a man of your dedication serve the State in your capacity for so many years. I just want to see if I could kind of get myself oriented on this problem in relation to Florida, particularly south Florida. We talk in terms of mechanisms, policies, working relationships, delivery of the system. I just wonder, without really faulting anybody or any particular person, could you relate these problems that you are speaking of to the lack of implementation, or the faulty implementation of what this committee's legislation was intended to do, and what it is actually doing under the Vocational Rehabilitation Services or its regional offices? In other words, what is happening in Florida or not happening in Florida, and I guess particularly south Florida, at the grassroots level, because of the lack of proper implementation or the proper administration of this legislation?

Mr. Mills. Thank you, sir. I think in terms of the organizational arrangements I have described, Mr. Lehman, the impact has not been great on our local people because we have had independence in terms of direction afforded to us by our department at the State level and we, in turn, have tried to extend this to each of our district offices working in the State, and to give them the freedom to establish program working relationships with everyone within the public and private network. On the other hand, I must say to you, sir, that the lack of full fiscal implementation of 93–112 can have a serious impact upon your area of the State, and, indeed, upon every community in the country if one-half of a million dollars is appropriated this year for facility construction and initial staffing and, if this is divided between 50 States and the possessions, this can mean very little in terms of improving and expanding construction or staffing the kind of facilities it takes to serve spinal cord injury cases, renal diseases, catastrophic cases, and trauma cases.

For example, in Miami we have extended a series of workshop and facility grants to create the spinal cord injury system that exists there. This center now serves perhaps less than 20 percent of the spinal cord injuries that occur in the State of Florida. We have long waiting lists for young people with cord injuries who desperately need immediate attention for this catastrophic injury.

If $50 million were indeed appropriated for facilities this year and if Florida could have its share of that kind of allotment, we should be able to extend our facility grant system that we initiated many years ago to places like Jackson Memorial Hospital and other related university centers and other medical facilities in Florida that would enable us to do things in our State like Dr. Rusk and Dr. Lowman are doing in New York, that are being done in Warm Springs, Rancho Amigos, Calif., and other spinal cord places in the country.

Mr. LEHMAN. The same, I assume, would apply to the renal disease facilities in south Florida or throughout the country?

Mr. MILLS. Indeed it would. We have only begun to scratch the surface in this area. Until the passage of the law, there was some question as to whether we had the statutory authority to continue with kidney transplants. We have the authority now. If we can get the resources to proceed, vocational rehabilitation can make a real impact in this area.

Mr. BRADEMAS. Mr. Thornton.

Mr. THORNTON. Thank you, Mr. Chairman. I don't have any questions but I would like to thank you for your thoughtfulness and dedication to the humanitarian purpose of this program in conducting these hearings. I would like to endorse what Chairman Perkins said in connection with his questions and would also like to highly commend this witness, Mr. Mills, for his testimony, which I have read, and for the exchange of information which resulted from questions I have listened to.

We do have a strong rehabilitation program in my State of Arkansas, and I am proud of that program headed by Mr. Baxter.

Mr. BRADEMAS. Mr. Mills, thank you, indeed. I think you can see from the questions that members of the committee have put to you how grateful we are for your splendid testimony.

Mr. MILLS. Again my appreciation to you, Mr. Chairman.

Mr. BRADEMAS. Or next witness is Mr. Carl E. Hansen from the department of special education at the University of Texas and past president of the National Rehabilitation Counseling Association.

Would you summarize your statement, please, and I assure Mr. Dwight—because he has been kind enough to cancel some scheduled appearances elsewhere to be with us today—that we want to hear him. It is obvious there is great interest on the part of the committee in questioning the witnesses and we wanted to be sure Mr. Dwight had an opportunity to hear some of the suggestions and criticisms of the other public witnesses before he appeared. We want to know if you can come back this afternoon if necessary.

Thank you, Mr. Dwight.

Please proceed, Dr. Hansen.

STATEMENT OF CARL E. HANSEN, DEPARTMENT OF SPECIAL EDUCATION, UNIVERSITY OF TEXAS, AND PAST PRESIDENT OF THE NATIONAL REHABILITATION COUNSELING ASSOCIATION, WASHINGTON, D.C.

Dr. HANSEN. I am Carl E. Hansen, immediate past president of the National Rehabilitation Counseling Association, and director of the rehabilitation counselor education program at the University of Texas at Austin.

The National Rehabilitation Counseling Association is the oldest and largest professional association of rehabilitation counselors in the Nation. As such, it represents the interests and concerns of the largest single group of providers of rehabilitation services to the Nation's handicapped citizens.

My purpose for being here today is twofold. First, I would like to discuss the role and importance of the rehabilitation counselor in assisting the disabled and disadvantaged citizen return to gainful employment. Second, I will discuss the need for continued moral and financial support for the training and education of the rehabilitation counselor.

Mr. Craig Mills has discussed the necessity for trained counselors and I concur with his comments for trained rehabilitation counselors to serve the disabled of this Nation. As has been pointed out and as we can see, it is the rehabilitation counselor that will implement the full range of services to the handicapped in this country.

The council agrees with the opening statement of Mr. Dwight to this committee that the rehabilitation program is one of the oldest and most successful of the Federal human resources program. However, the National Rehabilitation Counseling Association wishes to challenge, as did Mr. Corbett Reedy, the assumption made recently in an HEW staff proposal to substitute a type of cash assistance program for the current vocational rehabilitation system. Mr. Reedy commented, and we agree, that the vocational rehabilitation counselor plays a critical role in helping the individual develop a rehabilitation plan for his needs and to substitute a cash assistance program would not be a reliable answer to this program.

I would like to point out a couple of points that are concerned in the future in the relationship of the trained rehabilitation counselor. First, the President signed into law on September 26, 1973, Public Law 93-112. The implementation of the law expanded and broadens the scope of the rehabilitation counselor. The question that this brings up is how a document such as the "Morrill Memorandum" can project the demise of the rehabilitation program, while almost simultaneously a new law is signed into effect expanding the program.

Second, Mr. Reedy testified almost 4 million citizens are in need of rehabilitation services. The needs and foreseeable demands of the handicapped necessitate an expansion of our State-Federal program, not a phaseout. We need an upgrading of the system to serve these disabled people.

Third, specialization with disability groups within rehabilitation is becoming more and more necessary. The unique needs of the blind, deaf, the public offender, the disabled welfare recipient, the retarded, et cetera, and now by legislative mandate a greater concentration of services to the severely disabled calls for even greater expertise on behalf of the rehabilitation counselor.

Mr. Chairman, we respectfully submit that this ability cannot be achieved by endless community and administrative reorganizations that have so often characterized recent Federal departmental thinking in the area of human resources.

Mr. Chairman, I would like to address the remainder of my remarks to the need for a continuation of training funds for college programs in rehabilitation counseling.

In 1954, the 83d Congress established a program of financial support for graduate training programs in rehabilitation counseling under Public Law 565. These amendments to the Vocational Rehabilitation Act were designed to improve and expand the Nation's resources for restoring disabled persons to productive employment. Professional training was a feature recognized as primary in the progress obtained in other fields such as health and science.

The 83d Congress understood that the provision of such service such as physical restoration, vocational training, occupational tools, and placement are not enough if the goals of rehabilitation are to be reached. A disabled person must be ready to utilize the rehabilitation services available. Changes in the definition of "disability" under the law have increased the complexity of skills necessary of a rehabilitation worker is to experience success in helping to restore the disabled to a higher level of functioning. Services cannot be dispensed as though rehabilitation agencies are vending stands and the rehabilitation worker merely a vendor.

Studies conducted indicated a need for rehabilitation counselors trained at the master's degree level. It has been found that rehabilitation counselors trained on the graduate level are more willing to accept "high risk" cases—the severely handicapped—that require greater time and skill, Dishart 1964, and are more sensitive to and concerned with improving service delivery systems, Smits, Wright & Butler, 1968. Clients served by especially trained rehabilitation counselors are more satisfied with the services they received and maintain a suitable level of vocational adjustment at followup, Johnson & Koch, 1969. Moreover, the State-Federal vocational rehabilitation system supports the belief that master's level rehabilitation counselors serve clients better by showing a preference to hire people with a master's degree, Dishart & Epstein, 1964.

These and other studies support the need for graduate level trained rehabilitation counselors, but I received, as did every other director of a rehabilitation counselor education training program, notification that training funds would cease as of August 1974. I was informed that this was a phaseout year and as such my funding for program operation was reduced by one-half and only those students, as of summer of 1973, receiving stipends would continue to receive their stipend until graduation. Simultaneously, the same funding agency, RSA, granted over $80,000 to fund an accreditation program for rehabilitation counselor education programs.

One of the criticisms that has been directed toward the rehabilitation counselor education program, at least one of the criticisms I have heard from time to time, is that the graduate training programs are not getting trained people into the field of rehabilitation. Current studies I have recently reviewed would not support this criticism.

Researchers from the University of Wisconsin reported in the summer issue of the Journal of Applied Rehabilitation Counseling a high percentage of graduates enter the field of rehabilitation. The study population consisted of 534 randomly selected graduates who had received RSA stipends while in graduate school.

The present status of these individuals indicates over 87 percent were involved in full-time or part-time employment. Of those individuals employed, 87.6 percent were employed in a rehabilitation setting. Those individuals that took employment with the State rehabilitation program numbered almost 50 percent for the total graduates. The remainder employed in a rehabilitation setting are found in mental health clinics, sheltered workshops, mental hospitals, veteran hospitals, correctional institutions, and other types of rehabilitation programs offered within the community.

It is important to note that the State-Federal program is the dominant employer. Equally important is the fact that rehabilitation graduates take employment with workshops, mental hospitals, rehabilitation centers, et cetera. The State VR program is heavily dependent upon these community resources and without trained staff in these community facilities the State VR program would be greatly weakened.

In a study conducted at the University of Texas with the last 100 graduates of the master's program in rehabilitation counseling we found 95 percent entered the field of rehabilitation with 75 percent taking employment with the State VR program.

Within the past 6 months, region IX conducted a survey of 187 graduates of all the rehabilitation counselor training programs in the region since training began. Seventy-nine percent of the graduates surveyed are currently in rehabilitation jobs. The study is in the process of final writing and should be in print soon.

These studies indicate where stipend supported graduates are taking employment. They are entering the field of rehabilitation and are having an impact.

Mr. Chairman, the last study I would like to cite is a major piece of work supported with RSA funds. This report became available in late 1971 and is titled, "Overview of the Training Grant Program of the Rehabilitation Services Administration." This study surveyed over 100 employers, State DVR directors, and key experts in the field. Their concluded recommendations for rehabilitation counseling was that the master's level training should continue to receive the highest priority. They noted RSA should continue in the development of postentry training and that at least one good work-study program should be supported within every region. This particular study, I think, is important to note as it was funded by RSA. It was funded to an independent organization that had no specific educational ties or interests. Yet this particular study highly recommends that master's level trainees should continue to receive high priority.

This particular document also notes projections for trained rehabilitation counselors. We would note that in 1973 the estimated number needed for replacement and new positions for trained rehabilitation counselors would be 3,000.

We know that at the present time we are not going to be able to hit this number of trained rehabilitation counselors. We know with a reduction in training funds that there will continue to be an ever-widening gap between the need in the field and the ability to produce trained rehabilitation counselors. If we look further at this research document supported by RSA, it would indicate 87 percent of the State agencies prefer to hire master's trained counselors and that 96 percent of the State agency directors favor financial support of these students. SRS grants administration policy States' traineeships to students are available to allow students full-time to work on their studies to complete the program as rapidly as possible and to motivate students to continue advanced or specialized graduate or postgraduate training.

More recently the Department of HEW has realized that the ratio of minority, handicapped, and culturally deprived rehabilitation counselors is lower than the ratio of these groups in the general population.

The theory that a disabled person responds more effectively with those rehabilitation counselors who are most similar to himself or herself in race, disability, and socioeconomic status was also recognized.

For the 1973–74 academic year, 67 colleges and universities with current Federal training grants in rehabilitation have already—May 1973—received 3,797 student applications of which 2,099 will require financial support; 1,322, or approximately 63 percent of those requiring financial support are from the special target groups, for example, ethnic minority, handicapped, or culturally deprived. Thus, the data indicates the lack of training funds for rehabilitation counseling will most effect the recruitment of personnel from those groups which the Department of Health, Education, and Welfare believes should be more proportionately represented in rehabilitation counseling. This effect will obviously result because these are the people less able to finance training than are others in our society.

Mr. Chairman, the common response from this administration is to say that loan programs are readily available. The basic educational opportunity grants, BOGS, and the guaranteed student loan program are the basic avenues supposedly available to rehabilitation students.

The basic grants, BOGS, were created by the Higher Education Amendments of 1972, Public Law 92–318, to give financial aid to needy students so they might attend the postsecondary institution of their choice. If the program were fully funded, it would provide up to half of the cost of education with the amount given based on family need. However, the program is not fully funded—Congress this year gave it only $122 million, far less than what had been requested—so each grant is small, about $225 to $250, and is limited to first-year, full-time students. This money is not even available to graduate students, it is available only to freshmen.

The guaranteed student loan program is running into trouble. The program, according to administration and financial aid officials, is supposed to provide convenience loans to middle and upper income families whose assets are not liquid or who have several children attending college simultaneously.

The problem here focuses on the point these loans have an underpayment limit of 7 percent. The banks are not willing to make loans to students at the 7 percent level. This program is down and basically those loans are unavailable to graduate students. We feel within the National Rehabilitation Counseling Association that loans and grants certainly are not available for graduate students and coupled with rising tuition costs, there will be a severe curtailment of students entering the rehabilitation program. Certain to be denied graduate training will be minority groups, including the handicapped, and those from families with little financial means available to them.

In summary, Mr. Chairman, professionally trained rehabilitation counselors are necessary to deliver quality rehabilitation services, and a shortage of these professionals exists. Minority, handicapped, and culturally deprived people should be encouraged to enter rehabilitation counselor training programs, and these people cannot do so without financial support. Rehabilitation training is necessary for affirmative action in reducing disability and dependency. Appropriations of $30 million are thereby requested to maintain graduate programs in rehabilitation counseling for fiscal year 1974.

In closing, I think if we look closely at what is projected for the needs of the handicapped in this country, the severe problems encountered by the disabled, we need very much the continuation of training programs to train graduate level rehabilitation counselors.

Mr. Chairman, I would like to express my appreciation from the National Rehabilitation Counseling Association for having been invited to attend this particular oversight hearing.

[The written statement of Carl E. Hansen follows:]

PREPARED STATEMENT OF DR. CARL E. HANSEN, IMMEDIATE PAST PRESIDENT, NATIONAL RAHABILITATION COUNSELING ASSOCIATION AND DIRECTOR, REHABILITATION COUNSELOR EDUCATION PROGRAM, UNIVERSITY OF TEXAS AT AUSTIN

Mr. Chairman, I am Carl E. Hansen, Immediate Past President of the National Rehabilitation Counseling Association, and Director of the Rehabilitation Counselor Education Program at the University of Texas at Austin.

The National Rehabilitation Counseling Association is the oldest and largest professional association of rehabilitation counselors in the nation. As such, it represents the interests and concerns of the largest single group of providers of rehabilitation services to the nation's handicapped citizens.

My purpose for being here today is two-fold. First, I would like to discuss the role and importance of the rehabilitation counselor in assisting the disabled and disadvantaged citizen return to gainful employment. Second, I will discuss the need for continued moral and financial support for the training and education of the rehabilitation counselor.

Rehabilitation counselors are primarily concerned with the vocational and personal adjustment aspects of the physically, mentally, and socially handicapped persons. Central to the counseling and planning is job placement. According to the 1972–73 Occupational Outlook Handbook (U.S. Department of Labor 1972) of the rehabilitation counselors employed in 1970 about three-fourths were employed in state and local rehabilitation agencies financed cooperatively with Federal and State funds.

Mr. Chairman, the National Rehabilitation Counseling Association agrees with one of the opening statements of Mr. James Dwight, Administrator of Social and Rehabilitation Services, in his recent opening statement to this Committee, that "the rehabilitation program is one of the oldest and certainly one of the most successful of the Federal human resources programs."

However, Mr. Chairman, the National Rehabilitation Counseling Association also wishes to challenge (as did Mr. Corbett Reedy, Acting Commissioner of the Rehabilitation Services Administration) the assumption made recently in an HEW Staff Option Proposal to substitute a type of cash assistance program for the current vocational rehabilitation service delivery system.

In testimony before this Committee on August 3, 1973, Mr. Reedy stated:

"The assumption behind the proposal to substitute cash assistance for the current VR Program is that the disabled individual is capable and motivated to plan his rehabilitation program and to seek from vendors the services which he needs to implement that program, and further that such services are readily available for purchase. Generally, this is not the case. Normally, the disabled individual has little knowledge as to his specific rehabilitation needs or of the availability of essential services. This is where the VR counselor plays a critical role in providing professional advice in helping the individual develop an appropriate rehabilitated plan tailored to his needs, while preserving the client's freedom of choice. Also, we have found that the mere existence of client need and ability to pay does not assure the availability of needed VR services. The integrated service system of the State-Federal Program has proved to be the best catalyst for assuring such availability of services."

The National Rehabilitation Counseling Association concurs with Mr. Reedy's testimony, especially his analysis of the critical role of the rehabilitation counselor in the rehabilitation process.

The emergence of the professional rehabilitation counselor was necessary as our society began to seek ways to relevantly meet the total rehabilitation needs of our handicapped citizens.

Looking at the handicapped population of our nation, theoretically it would be nice if a disabled person could expect to have all the problems associated with his disability solved by one person such as his physician.

However, we all know that medical problems are the province of the physician, psychiatric problems are handled by the psychiatrist or psychologist, and social problems are dealt with by social workers, and so on.

I believe it is obvious to all of us that the disabled in this country have problems of survival that cannot be solved by one discipline working in isolation. Certainly the handicapped individual cannot be expected to solve all of his many problems for himself.

In accomplishing the rehabilitation of the handicapped, interaction, coordination, and varying degrees of specialization are all essential components of a total program. The rehabilitation counselor is trained to especially provide the interaction and coordination facets of the rehabilitation process.

For example, consider the rehabilitation needs of an industrial worker injured late in life. Obviously, this individual will require special help for the many components of his special needs if rehabilitation is to be effectuated.

This individual may need specialized medical treatment, vocational evaluation, psychological assessment, vocational training, and specialized vocational placement. And, perhaps most important, he will need psychological and counseling help to learn to live with disability.

For a large number of the handicapped, the combination of special needs often create an obstacle course frequently causing feelings of helplessness, despair and defeat.

The role and function of the rehabilitation counselor represents an effort not to meet the demands of the vertical growth of knowledge in our society. The rehabilitation counselor represents a horizontal application and use of knowledge to meet the total rehabilitation needs of the handicapped individual.

The rehabilitation counseling profession represents the best system yet designed to coordinate all community services to meet all the rehabilitation needs of the handicapped individual. The rehabilitation counselor is the synthesizer for understanding the handicapped persons' problems globally, and through his training, experience and understanding, attempts to meet the disabled individual's needs.

The National Rehabilitation Counseling Association is convinced that this is the only practical way to treat the needs of millions of handicapped persons whose many needs go further than solutions that can be provided by one specialist.

The essence of the function of the rehabilitation counselor is to provide comprehensive, integrated, individualized understanding of a handicapped person's problems. The rehabilitation counselor, working with the client, must develop and implement an equally comprehensive, integrated and individualized plan of rehabilitation to solve these problems.

During fiscal year 1973, according to HEW Secretary Caspar Weinberger, 360,726 disabled Americans were able to rejoin the labor market and return to productive activity. The 1973 figure is an 11% increase over the 326,138 rehabilitations recorded for 1972. Texas led the nation in the number of rehabilitants with 29,009.

These are not simple statistics, but rather over ⅓ of a million handicapped citizens restored to useful, productive living through the efforts of the State-Federal program. Based on history and this information there is no justification to "cash out" the rehabilitation program.

It is the expertise of the rehabilitation counselor that is called upon to provide the comprehensive, integrated, individualized plan of services which will allow the disabled individual to accomplish his own rehabilitation.

The National Rehabilitation Counseling Association does not claim any magical insight into how best to carry out the rehabilitation function. However, we wish to state unequivocally that no community organization plan or program is acceptable in the field of rehabilitation that would militate against the current comprehensive, integrated, individualized form of practice.

In this sense, it is because we believe that the specialist alone in our society can never meet the total needs of the handicapped citizens, that the rehabilitation counselor as the implementator and coordinator must continue to exist.

Mr. Chairman, I do not wish to belabor this issue, but I feel the following three points speak to future concerns and suggest that the role of the rehabilitation counselor will be even more important in the immediate future than it is currently.

First, the President signed into law on September 26, 1973, PL 93–112. The implementation of the law expands and broadens the scope of the rehabilitation counselor. The question this brings up is how a document (Morrill Memorandum) can project the demise of the rehabilitation program, while almost simultaneously a new law is signed endorsing and expanding the work of the rehabilitation counselor.

Second, Mr. Corbett Reedy appeared before this Committee on August 3, 1973, and indicated 4 million citizens are in need of rehabilitation services. The immediate and forseeable demands of the handicapped necessitate an expension of our State-Federal program, not a phase out.

Third, specialization with disability groups within rehabilitation is becoming more and more necessary. The unique needs of the blind, deaf, the public offender, the disabled welfare recipient, the retarded, etc., and now by legislative mandate a greater concentration of services to the severely disabled calls for even greater expertise on behalf of the rehabilitation counselor.

It would appear that it has been through the respondsiveness of the State-Federal program and its effort to work with "target" handicapped populations that has brought about the sharp increases in rehabilitations. One excellent example has to do with the response of the State-Federal programs to meet the needs of the disabled welfare recipient. In fiscal year 1969 there were 237,500 total rehabilitants. Of this total 10.3% were public assistance cases. Three years later in 1972, 20% of the total rehabilitations were public assistance cases.

The ability to do these tasks effectively represents the body of skill and knowledge of the rehabilitation counselor.

Mr. Chairman, we respectfully submit that this ability cannot be achieved by endless community and administrative reorganizations that have so often characterized recent federal departmental thinking in the area of human resources.

Rather, we believe that the long-range improvements and solutions that can be achieved in the rehabilitation service delivery system are by no means simplistic. We believe that many of these improvements can be made through research and training, with much of this work being done in university and college training programs for rehabilitation personnel.

Mr. Chairman, I would like to address the remainder of my remarks to the need for a continuation of training funds for college programs in rehabilitation counseling.

In 1954, the 83rd Congress established a program of financial support for graduate training programs in rehabilitation counseling under Public Law 565. These amendments to the Vocational Rehabilitation Act were designed to improve and expand the nation's resources for restoring disabled persons to productive employment. Professional training was a feature recognized as primary in the progress obtained in other fields such as health and science.

The 83rd Congress understood that the provision of service such as physical restoration, vocational training, occupational tools and placement are not enough if the goals of rehabilitation are to be reached. A disabled person must be ready to utilize the rehabilitation services available. Changes in the definition of "disability" under the law have increased the complexity of skills necessary if a rehabilitation worker is to experience success in helping restore the disabled to a higher level of functioning. Services cannot be dispensed as though rehabilitation agencies are vending stands and the rehabilitation worker merely a vendor.

Studies conducted indicate a need for rehabilitation counselors trained at the Master's degree level. It has been found that rehabilitation counselors trained on the graduate level are more willing to accept "high risk" cases—the severely handicapped—that require greater time and skill (Dishart 1964) and are more sensitive to and concerned with improving service delivery systems (Smits, Wright, & Butler, 1968). Clients served by especially trained rehabilitation counselors are more satisfied with the services they received and maintain a suitable level of vocational adjustment at follow-up (Johnson & Koch, 1969). Moreover, the state-federal vocational rehabilitation system supports the belief that Master's level rehabilitation counselors serve clien[illegible]tter by showing a preference to hire people with a Master's degree (Disha[illegible] Epstein, 1964).

These and other studies support the need for graduate level trained rehabilitation counselors, but I received, as did every other director of a rehabilitation counselor education training program, notification that training funds would cease as of August, 1974. I was informed that this was a phase out year and as such my funding for program operation was reduced by one-half and only those students, as of Summer of 1973, receiving stipends would continue to receive their stipend until graduation. Simultaneously, the same funding agency (RSA) granted over $80,000 to fund an accreditation program for rehabilitation counselor education programs. The purpose of accreditation, as defined by the Council on Rehabilitation Education, which was the group receiving the RSA grant states:

"Accreditation is to promote the effective delivery of vocational rehabilitation services to handicapped people by stimulating and fostering continuing review and improvement of master's level RCE programs. The accreditation procedure will promote program self-improvement rather than outside censure. A concomitant purpose is to meet the manpower needs of the public and private rehabilitation agencies by providing RCE program graduates who have been equipped with the skills and knowledge necessary to help decrease dependence among disabled and disadvantaged persons."

The accreditation grant from RSA is commendable, but it does raise the question how this agency can simultaneously phase out rehabilitation counselor training, yet support accreditation when they are with drawing all financial support for students and faculty?

Mr. Chairman, from time to time I hear criticism of the graduate training programs to the effect that they are not getting trained people into the field of rehabilitation. Current research that I have reviewed in this area would not support this criticism.

Researchers from the University of Wisconsin reported in the Summer issue of the *Journal of Applied Rehabilitation Counseling* a high percentage of graduates enter the field of rehabilitation. The study population consisted of 534 randomly selected graduates who had received RSA stipends while in graduate school. The present employment status of these individuals were as follows:

	Percent
Full time	83.0
Part time	4.3
Unemployed	2.4
Homemaker	2.6
Military	.06
Graduate school	5.0
Unknown	2.1

For those individuals employed full time (83%) 87.6% were employed in a rehabilitation setting.

	Percent
State VR	43.7
Educational setting	12.8
Rehabilitation center	9.8
Mental health clinic	6.7
Workshop	5.1
Mental hospital	4.0
Veterans hospital	2.6
Correctional Institution	2.3
Social Services	1.9
Other	10.9
Unknown	.2

It is important to note that the State-Federal program is the dominant employer. Equally important is the fact that rehabilitation graduates take employment with workshops, mental hospitals, rehabilitation centers, etc. The state VR program is heavily dependent upon these community resources and without trained staff in these community facilities the state VR program would be greatly weakened.

Further, DHEW Publication No. SRS 72-04001, *Grants Administration Policies*, dated July 1972, where on page 16 under Section G. ***Obligations of Trainees to the Social and Rehabilitation Services***, it says:

"Trainees are not required to work for the Social and Rehabilitation Services at the conclusion of their training. Conversely, the Social and Rehabilitation Services assume no responsibility for employing or placing such persons. However, trainees (fellows) are expected upon completion of their Social and Rehabilitation Services supported training, to enter areas of employment (whether public or private) directly related to the field of training undertaken."

In a study conducted at the University of Texas with the last one hundred graduates of the Master's program in rehabilitation counseling we found 95% entered the field of rehabilitation with 75% taking employment with the state VR program.

Within the past six months, Region IX conducted a survey of 187 graduates of all the rehabilitation counselor training programs in the region since training began. Seventy-nine percent of the graduates surveyed are currently in rehabilitation jobs. The study is in the process of final writing and should be in print soon.

These studies indicate where stipend supported graduates are taking employment. They are entering the field of rehabilitation and are having an impact.

Mr. Chairman, the last study I would like to cite is a major piece of work supported with RSA funds. This report became available in late 1971 and is titled, *Overview of the Training Grant Program of the Rehabilitation Services Administration.* This study surveyed over 100 employers, state DVR directors, educators, and key experts in the field. I would now like to quote the recommendation concerning the training of rehabilitation counselors.

"RECOMMENDATIONS

"In order to meet the manpower shortage in rehabilitation counseling, it is recommended that several courses of action be given serious consideration. First, many of the tasks performed by a rehabilitation counselor do require master's preparation, and therefore master's level training should continue to receive high priority. Second, other tasks, however, can be performed by someone with less than a master's level of preparation. Therefore, it is recommended that RSA should stress a career ladder training program and increase support of preprofessional levels of training in undergraduate, community and junior college settings. Included in this career ladder model must be an increased emphasis on post-entry training. At least one good work-study program should be supported in every region. Finally, the number of doctoral programs should be held at the present level until a cost-benefit analysis is made of this level of training."

These recommendations support graduated level training and stand as important recommendations to implement.

Included within the 215 page document, figures are presented taken from the 1968 Report of the *National Citizens Advisory Committee on Vocational Rehabilitation.* These figures estimate the number of students enrolled, graduates, RSA traineeships and number needed for replacements and new positions, 1969 and projected for 1973.

Discipline	Estimated number of students enrolled		Estimated number of graduates		Number of RSA traineeships		Estimated number needed for replacements and new positions	
	1969	1973	1969	1973	1969[1]	1973[2]	1969	1973
Rehabilitation counseling	2,700	5,000	1,050	2,300	2,104	4,275	2,500	3,000

[1] Actual.
[2] Estimated.

Using the best possible predictors available at the time, and drawing from leaders in the field this study points to many of the problems we face today. For example, the need for trained rehabilitation counselors exceeds the number of trained counselors entering the field. One of the problems with this projection was that the researchers, in even their wildest projections, could not envision the curtailment of training funds. While the estimated need for replacements and new positions for 1973 stands as reliable, the number of 1973 RSA traineeships is not accurate due to funding cuts. Instead of over 4,000 stipends being made available, 1,551 continuing awards were made during 1973 and none as of fall semester 1973 according to the *Fact Sheet* attached to this testimony.

Quoting further from the research document titled, *Overview of the Training Grant Programs of the Rehabilitation Services Administration* studies indicate that 87% of the state agencies prefer to hire master's trained counselors and that 96% of the state agency directors favor financial support for these students.

The DHEW Publication No. (SRS) 72-04001 entitled, *Grants Administration Policies,* dated July 1972, has this to say under Section V, *Traineeships,* paragraph D. 1. Introduction:

"The Social and Rehabilitation Services provide financial support to students through traineeship funds for technical, baccalaureate, graduate, and post-graduate training through some special programs. Two basic and separate objectives are recognized in providing financial support to students engaged in such training:

> "1. to provide adequate support to students otherwise motivated to continue their studies, as a means of eliminating or reducing the necessity to engage in outside employment or to defer or prolong completion of their studies because of lack of adequate financial resources;
>
> "2. to motivate students to continue advanced or specialized graduate or post-graduate training, when the national interest clearly requires that students be attracted to particular areas of study by providing financial support with stipend levels sufficient to induce the undertaking of such advanced or specialized training."

More recently the Department of Health, Education, and Welfare realized that the ratio of minority, handicapped and culturally deprived rehabilitation counselors is lower than the ratio of these groups in the general population. The theory that a disabled person responds more effectively with those rehabilitation counselors who are most similar to himself or herself in race, disability and socioeconomic status was also recognized. Consequently, the latest guidelines for training grants, *Information Memorandum* OPRT-73-1, dated December 1, 1972, under Part 1, *Specific Guidelines for the Direct Training Grant Program*, page 11, Section E, *Training for Students from Minority Groups*, states:

"The Social and Rehabilitation Services consider it essential, for the most effective delivery of services, that the number of workers from minorities to be trained will be substantially increased to make it more commensurate with the number of minority group persons in the general population. Special attention is given, therefore, to the support of training activities which reach a high proportion of minority students, either in institutions with an administration and constituency which are predominantly comprised of members of minority groups or in other schools with responsibilities for training minority students."

On page 13 under Section G. *Criteria for Evaluation of Applications for Long-Term Training Grants*, paragraph 4, 3., appears an additional statement:

"Emphasis (is) on training students with limited financial resources, students from minority groups and students with physical or mental disabilities."

Congress and the Department of Health, Education, and Welfare have demonstrated an understanding of the need for trained rehabilitation counselors, and for trained counselors from among various categories of our population within which the disabled are found. The need for a continuation of training funds can be demonstrated by the following information which was obtained from a report which has been included as an attachment to my statement.

For the 1973–74 academic year 67 colleges and universities with current federal training grants in rehabilitation have already (May 1973) received 3,797 student applications of which 2,099 will require financial support. One thousand three hundred twenty two or approximately 63 percent of those requiring financial support are from the special target groups (e.g., ethnic minority, handicapped or culturally deprived). Thus, the data indicates the lack of training funds for rehabilitation counseling will most effect the recruitment of personnel from those groups which the Department of Health, Education, and Welfare believes should be more proportionately represented in rehabilitation counseling. This effect will obviously result because these are the people less able to finance training than are others in our society.

Mr. Chairman, the common response from this Administration is to say that loan programs are readily available. The Basic Educational Opportunity Grants (BOGS) and the Guaranteed Student Loan Program are the basic avenues supposedly available to rehabilitation students.

The Basic Grants (BOGS) were created by the Higher Education Amendments of 1972 (PL 92-318) to give financial aid to needy students so they might attend the postsecondary institution of their choice. If the program were fully funded, it would provide up to half of the cost of education with the amount given based on family need. However, the program is not fully funded—Congress this year gave it only $122 million, far less than what had been requested—so each grant is small (about $225 to $250) and is limited to first-year, full-time students. This money is not even available to graduate students, it is available only to freshmen.

The Guaranteed Student Loan program is running into trouble. The program, according to administration and financial aid officials, is supposed to provide convenience loans to middle and upper income families whose assets are not liquid or who have several children attending college simultaneously. However, rising interest rates make this loan, at 7%, less attractive to bankers and the program is down 38%, off $35 million from last year. HEW Secretary Caspar Weinberger said that in the future the program will require less red tape as an inducement to bankers to accept loans at the 7% interest rate.

The American Personnel and Guidance Association recently published the following information regarding the guaranteed student loan program.

"Sen. Lloyd Bentsen (D-Tex.) introduced legislation (S 2478) Sept. 24 to eliminate the 'means test' in the guaranteed student loan program for students from families earning less than $15,000 per year. The bill was referred to the Committee on Labor and Public Welfare.

"Sen. Bentsen claims that the problem of accessibility to a college education is not limited to the very poor. 'In recent years, and particularly this last year, children from parents in the supposedly middle income group earning $10,000 to $15,000 a year have experienced extraordinary difficulties in acquiring the necessary financial support to enter college,' he said.

"The Education Amendments of 1970 stipulated that loans must be made according to actual family need rather than income. Families applying for guaranteed loans must make a complete disclosure of their assets and take a 'means test' to establish their need for educational aid. This test often is misleading because of the difference in liquid and nonliquid assets.

"Under new procedures a college financial aid officer, after reviewing the application and the test, recommends to the bank the amount a student requires. The bank is free to loan a higher amount but rarely dose so, Sen. Bentsen said.

"In the District of Columbia, for example, over 60% of the banks will not loan above the college's recommendation, which often is arbitrarily low, he said. Loans are down 40% nationwide; in Pennsylvania they are off 78% and in Georgia, 64%

"He said that this bill would eliminate the test for families with moderate income levels.

Mr. Chairman, loans and grants are not available for graduate students. This, coupled with rising tuition costs, will severely curtail students entering rehabilitation training programs. Certain to be denied graduate training will be minority groups, including the handicapped, and those from families with little financial means available to them.

Mr. Chairman, I am also attaching a copy of RSA Information Memorandum No. RSA-IM-74-25, signed by H.R. Clements for Corbett Reedy, Acting Commissioner, Rehabilitation Services Administration.

The subject of this memorandum is "*FY 1974 Rehabilitation Training*," and its content deals with the fact that FY 1974 phase-out plans for the rehabilitation training program have been revised to provide some support for State vocational rehabilitation agency in-service training, some short-term training, and some long-term training in highly specialized rehabilitation fields.

However, in view of the request of the Administration for only $8.1M for rehabilitation training for FY 1974, and in view of the mandate of Section 203 of Public Law 93-112, that there will be a "balanced program of training assistance," including rehabilitation counseling, we wonder how the Administration can justify asking for only the $8.1M amount if the training mandated by the Congress is to be available for the thirteen specific professional areas outlined in Section 203 of the Rehabilitation Act of 1973.

In view of what we consider to be rather severe reductions in rehabilitation training funds, we would like to know what projections of need for trained rehabilitation counseling personnel (and allied professional personnel) does SRS and/or RSA have for the next five years? Considering the mandate in Public Law 93-112, to serve more of the severely handicapped, how does the Administration think the educational "market place" can produce enough specially trained personnel to deal with these kinds of clients?

In summary, Mr. Chairman, professionally trained rehabilitation counselors are necessary to deliver quality rehabilitation services, and a shortage of these professionals exists. Minority, handicapped and culturally deprived people should be encouraged to enter rehabilitation counselor training programs, and these people cannot do so without financial support. Rehabilitation counselor training is necessary for affirmative action in reducing disability and dependency. Appropriations of $30,000,000 are thereby requested to maintain graduate programs in rehabilitation counseling for FY 1974.

Mr. Chairman, for your review, and for the record, I am also attaching the 1973 Fact Sheet, mentioned above, on the impact of the possible loss of federal support for the training of rehabilitation personnel. The fact sheet was prepared by the Council of Rehabilitation Counselor Educators.

COUNCIL OF REHABILITATION COUNSELOR EDUCATORS, 1973 FACT SHEET

INTRODUCTION

Because of the impending loss of RSA funds for training rehabilitation workers, the Council of Rehabilitation Counselor Educators undertook the task of determining what effect this loss will have on university training programs. To this end, CRCE surveyed 67 (75% of the total) college and university training programs around the country. Included in the survey are undergraduate programs, Masters programs, Ph.D/Ed.D. programs, certificate programs and various combinations of programs. Of the 67 programs surveyed, 53 were public institutions and 14 were private institutions.

BACKGROUND

In the past three years, the programs surveyed have graduated a total of 4812 students. Of this total, 2864 students were supported, at least in part, by RSA funds, including 8 Bachelors degree students, 2742 Masters degree students and 114 doctoral degree students. At present, these universities award 1551 RSA traineeships to students and average 4480 applicants for traineeships per year. If more traineeships were provided, these universities could accept 2135 more students per year.

For the academic year 1973–74, these programs have received 3797 applications of which 2099 will require financial support. Sixty-three percent (63%) of those students requiring financial support belong to special target groups, i.e., non-white, poor white, or handicapped. If financial support is not available, the programs anticipate they will lose at least 1403 students they could otherwise accept. Nine-hundred-eighty three (983) of the students that would be lost belong to the special target groups. Although there are other sources of financial support besides RSA traineeships, only 50% of the programs felt that these sources could be expanded or utilized effectively.

The specific responses of the programs participating in this survey are represented in tables and presented in the following five categories: (I) Impact on Student Enrollment; (II) Impact on Faculty and Support Personnel; (III) Impact on Program Size and Quality; (IV) University Response to the Reduction in RSA funds; (V) Impact of Loss of Funds on the Profession of Rehabilitation Counseling. Included in the summary are additional impressions and concerns as expressed by the coordinators of the programs.

TABLE I.—IMPACT ON STUDENT ENROLLMENTS

	Total full-time students in program	Number of students RSA supported	Anticipated loss if funds cut
Undergraduates	1,636	72	69
Masters	2,062	1,284	747
Doctoral	168	48	32
Total	3,856	1,404	848
Nonwhite	442	327	246
Poor white	562	366	272
Handicapped	234	128	104
Total	1,238	821	622

TABLE II.—*Impact on faculty and support personnel*

Part-time and full-time faculty: Total, 449; university support, 292; nonuniversity support, 157; anticipated loss, 79; assigned other, 65.

In addition there are 291 support personnel currently being supported by RSA.

TABLE III.—*Impact on program quality*

A. No. of courses offered—Programs: Courses will be eliminated or substantially reduced, 14; courses will be reduced somewhat, 35; no change, 18.

B. Special enrichment programs supported by RSA:

	Currently being used	Can con't	Cannot con't
Agency consulting	42	17	28
Instructional aids	31	5	26
Publications	20	5	15
In-service training for agency	41	11	30
Extension courses	27	10	17
Special workshops	33	6	27
Student tutoring	3	3	0
Research support	12	2	10
Student recruitment	33	10	23
Other	2	1	1
Total	244	70	174

TABLE IV.—*University response to reduction in RSA funds*

Complete withdrawal of university support	4
Continue present level, but no additional funds	41
Increase support to fully compensate for teaching funds but not for student funds	11
Increase level of support to fully compensate for loss of both teaching and student support	2
Provide additional support for students but no increase for faculty support	1

TABLE V.—*Impact of loss of funds on the profession of rehabilitation counseling*

Response:	*Number*
None	2
Decrease in all student enrollments	45
Reduction in enrollment for special target groups	59
Decrease in in-service training for rehabilitation agencies	47
Reduction in rehabilitation research	47
Fewer trainees and counselors available for State and Federal programs and private agencies	57
Reduction in training standards	44
Lowered professional standards	36
Lowered quality of client services	46

SUMMARY

Fifty-five (55) of the programs feel that RSA support is essential to train the kind of personnel needed to deliver services in the state-federal rehabilitation programs. Five programs felt that RSA support was not necessary for this purpose and five programs were uncertain. Fifty-four (54) of the programs felt that RSA support is essential to the quality of their program.

At the end of the survey, the coordinators made any comments they wished. The most often expressed feeling was that the loss of RSA funds would prevent many minority students from being trained in rehabilitation. The coordinators were also concerned about the fact that student enrollment would be curtailed not only due to the elimination of stipends, but also due to the elimination of the faculty supported by grant money. Because the number of faculty will be smaller, fewer students can be admitted. Another concern of the coordinators is that due to the loss of funds, rehabilitation programs may become combined with other university programs and lose identity and impact.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
Washington, D.C., November 6, 1973.

To: State Rehabilitation Agencies (General), State Rehabilitation Agencies (Blind), Regional Commissioners, SRS.

Subject: Fiscal year 1974 rehabilitation training.

Content: Fiscal year 1974 phaseout plans for the rehabilitation training program have been revised to provide support for State vocational rehabilitation agency in-service training, short-term training and long-term training in highly specialized rehabilitation fields.

Inquiries: Commissioner, RSA.

The FY 1974 phaseout plan for the rehabilitation training program has been revised and funds have become available for the support of certain rehabilitation training activities this year. These activities include State vocational rehabilitation agency in-service training, short-term training, and long-term training in the areas of rehabilitation of the blind, rehabilitation of the deaf, post-entry rehabilitation counselor training, rehabilitation facilities administration, and prosthetics-orthotics.

Grants for State vocational rehabilitation agency in-service training will be available in FY 1974 at the FY 1973 national support level. Funds will be distributed Regionally on the basis of State agency manpower data, but the amount available to any individual State may vary from the FY 1973 level. It is expected that the FY 1974 staff development activities for which special grant support will be provided will emphasize the rehabilitation of the severely disabled, the rehabilitation of the disabled public support recipient, improving the placement function in State agencies, implementation of Title XVI of the Social Security Act and the implementation of the Rehabilitation Act of 1973.

Rehabilitation short-term training will also be conducted in FY 1974 and funds will be made available for the support of national and Regional workshops, conferences, and seminars focusing on priority interest areas of the public rehabilitation program.

Long-term training grant awards to supplement previously awarded phaseout grants will be available to selected projects in certain areas. These areas include non-academic training programs in which alternative student support under the general Office of Education student aid program is not available, and highly specialized and expensive academic training areas which are not normally maintained in university curricula.

CORBETT REEDY,
Acting Commissioner.

Mr. BRADEMAS. Thank you very much, Dr. Hansen.

First I want to express my appreciation for how clearly you put together your statement.

Perhaps you could comment on a couple of questions. What new burdens on rehabilitation training programs will be imposed by the requirement of the new law that counselors direct their work toward persons with the most severe handicaps? Will that new emphasis mean new directions in your own training programs in the counseling field?

Dr. HANSEN. Let me answer that question from two standpoints. First, if we look historically over the 53 years that we have seen State and Federal funding for rehabilitation programs, we have seen the guidelines for rehabilitation counselors that read from the Federal Register, that counseling, guidance, referrals, and placement for handicapped individuals, including followup and follow-on, and postemployment services, are necessary to assist such individuals to maintain their employment. Basically the rehabilitation counselor has been involved with counseling, guidance, working with the community, working with followup, and placing disabled clients within the labor force.

Rehabilitation counselor training programs have oriented themselves in this manner for the last years. The problem we are now facing is that we are facing disabling populations who are more severely disabled and this will call for greater knowledge and insight on the part of the counselor to understand the medical, psychological, and whole social aspects relating to and concerned with the severely handicapped.

I would say historically one of the first directions that started rehabilitation counselors moving toward looking at more in-depth type of problems came a couple of years ago when there was a strong emphasis on the disabled, disadvantaged citizen within this country. Rehabilitation counselor education programs met this responsibility, I believe, by beginning to reorient their curriculum to include course work and to look at the needs of the disabled citizen within this country, the citizen that was on and receiving welfare. I believe this is what we need to see at this time, there will have to be a change in our curriculum to develop programs that will attune themselves to the more severely disabled as we move more and more into this program to serve these particular individuals.

Mr. Brademas. I will not ask you to respond with figures now, but I would be grateful if you could submit for the record any indications, particularly any statistics or figures you can that substantiate the point you make on page 7 of your statement where you site studies that conclude that rehabilitation counselors trained at the masters degree level are more likely to accept high risk clients, that is those with the most severe handicaps, than would rehabilitation counselors who had not done their masters work.

Having said that, would you be able to give us some such figures?

Dr. Hansen. I would have to ask what type of figures are you asking for?

Mr. Brademas. You cite studies on page 7 of your statement, several of them, to the effect that counselors who have been trained at the masters degree level are more likely to accept high risk clients than would rehabilitation counselors who have not had their masters work. What I am requesting is that you subsequently, not now, supply us the statistical evidence from those studies or, indeed, any other studies that may be relevant.

Dr. Hansen. I understand.

Mr. Brademas. Can you do that?

Dr. Hansen. I will do that, I will supply that evidence and I believe we will see this evidence coming through when we talk about the severely handicapped, not only working with the population of the severely disabled but also the mentally ill and mentally retarded also.

[The information requested follows:]

National Rehabilitation Counseling Association,
Washington, D.C.

To: Congressman John Brademas.
From: Carl E. Hansen.
Re: Trained vs. nontrained counselors in the delivery of rehabilitation services.

In testimony provided 11/30/73 mention was made that graduate trained counselors accept more clients for service than nontrained counselors. This information was taken from a national study of 84,699 applicants for services from vocational rehabilitation agencies in the United States involving 2,448 counselors (Dishart, 1965). Chart XII of this study indicates that Master's level trained counselors accepted for services 56% of their applicants. As the level of training decreased so did the acceptance of clients.

Educational level	Number of counselors	Percentage of applicants accepted
No bachelors degree	117	40
Bachelors degree	1,322	53
Masters degree	1,009	56

One of the important areas where graduate trained counselors have their greatest impact is in the area of counseling. Brinson & Alston (1973) point out the Master's trained counselors' ability to function effectively in a counseling situation is significantly better than non-trained counselors. Bronson, Butler, Thoreson, & Wright (1967) demonstrated that graduate education is significantly related to professional concern. Professional sensitivity and greater counseling expertise will be necessary in working with the more severely disabled client. With the thrust to develop more concentrated services for the severely disabled, rehabilitation counselors can expect this population to have more serious problems of adjustment calling for greater professional concern and counseling expertise.

This is further highlighted by studies and reports dealing with severe handicapped conditions.

(1) Kreideu, N. A case study of a chronic and progressive disability. *Journal of Rehabilitation*, November, 1968.

This article deals with the gradual worsening physical condition of a client who is continually forced to readjust mental and emotional and vocational plans. It is pointed out that this type of client is in continual need of the services of the vocational counselor so that the individual has a better understanding of himself and of his environment.

(2) Nolan, J. Vocational assessment of the coronary patient. *Journal of Rehabilitation*, March, 1966.

This particular article points out the important factors influencing the vocational adjustment of cardiac patients. Vocational assessment and vocational counseling are two important factors in helping individuals adjust to a traumatic disability such as a heart condition.

(3) Savino, M., Belchick, T., & Bureau, E. The quadraplegic in a university setting. *Rehabilitation Record*, November-December, 1970.

This particular article deals with the application of rehabilitation counseling services pointing out the needed coordination and continuity of services necessary to provide adequate rehabilitation planning for quadraplegics within a university setting.

(4) Overs, R. R. & Healy, J. Educating stroke patient families. *Final Report*, Media for Rehabilitation Research Reports, Curative Workshop of Milwaukee, Wisconsin.

This final report describes a four year project of which two years were an intensive counseling casework demonstration of stroke patients and their families.

Many more studies and reports are available pertaining to the problems encountered by the severly handicapped. The aforementioned articles point to the greater concern and counseling expertise needed by the rehabilitation counselor in order to work with the severly disabled.

In a final study conducted by Johnson and Koch (1969) it was reported that rehabilitation clients were more satisfied with their rehabilitation programs when counseled by Master's trained counselors. They also reported that former clients of trained counselors were consistently more successful in obtaining promotions, and received greater increases in weekly salary, than were clients of untrained counselors.

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Savino, M., Belchick, T., & Bueau, E. The quadraplegic in a university setting. *Rehabilitation Record*, November–December, 1970.

Mr. BRADEMAS. My final question is a simple one, Dr. Hansen. Some persons have told me that perhaps one of the most effective ways to diminish the forward progress of the rehabilitation programs would be to cripple personnel training programs for rehabilitation counselors and others. Is that an unreasonable assessment or is that an overstatement?

Dr. HANSEN. I don't believe it is an unreasonable assessment. If we look closely at a way to eliminate rehabilitation programs in this country, they can be eliminated by the total elimination of funds to implement those programs. They can be eliminated by the curtailment of training funds so that individuals working within these agencies and organizations are not trained individuals. This, indeed, would curtail the effective delivery of services.

For example, in our new legislation we are looking at figures that would run over $600 million. If we are talking about sums this great in nature, it seems important to me that trained individuals that are going to implement the delivery of services and who are indeed responsible for the expenditure and authorization of funds are on a day-to-day basis with individual disabled clients, that these individuals be very carefully trained and be able in the best professional manner to administer rehabilitation counseling as well as to lead the disabled clients to rehabilitation.

Your question is true, this is one major way of elimination a rehabilitation program through the curtailment of training.

Mr. BRADEMAS. Thank you for a most useful statement.

Mr. Quie?

Mr. QUIE. Thank you, Mr. Chairman.

I just want to indicate—perhaps the chairman did while I was out—evidently the Appropriations Committee feels as you do about the need of rehabilitation training and they have reinstated the money or increased over the budget request the amount available in 1972, so I think there is no doubt but that the Congress will approve it. When we have a witness up from the administration later we will find whether they intend to spend it. You ought to know it is not just us working on the authorizing bill that get overzealous. The Appropriations Committee seems to be of the same mind on that and I think that indicates the support of the Congress for this type of program for that type training.

The question I would have is in the training area, to what extent is the regional office of benefit for providing training grants?

Dr. **Hansen**. The regional office in relationship to training grants in its current structure, if we were not in the phaseout period of time, this would be the office to which we would turn for grant renewal on a continuing basis. They could give us input information with regard to our grant renewal program. Those grants that concern new programs or new directions, as I understand, would be sent to Washington, D.C., for review. I must preface this in the sense that in the past we have received support from the regional office from an individual that was assigned training duty responsibilities. He would review with us our program direction, he would review with us our grant application, and we would have a fairly comprehensive picture of how we are trying to meet the needs within the region and within the Nation in regard to curriculum and with regard to manpower development.

This is not true at this time. Within my own region I relate now to an SRS individual for the total and distinct purpose of financial discussions for the phaseout of the program.

At one time the regional office did serve a need in regard to having an individual that was a training specialist work with us, help us coordinate some of our needs with the State SRS program, coordinate regional and State program. This is not true now.

Mr. **Quie**. How far back is that?

Dr. **Hansen**. One year ago.

Mr. **Quie**. What was the relationship prior to 1968 or 1967?

Dr. **Hansen**. Prior to 1967–68 we would send our applications directly to Washington, D.C., and work directly with a central office. The problem incurred here is that the central office was very burdened with a very small staff. I understand that staff is even smaller since some of these responsibilities have been delegated to the regional office. At the present time it is difficult for me to relate how the central office or regional office can be of help to us in 1973 when the total thrust is toward the phaseout of the program.

Mr. **Quie**. If there was not a phaseout of the program, you indicated by your answer you would prefer to have the services of an individual in the regional office rather than the central office?

Dr. **Hansen**. That is right. One of the major reasons for this is that within a region such as my own region, composed of Texas, Oklahoma, Arkansas, and Louisiana, we are better able to coordinate some of the inservice training needs of those States within the Southwest region and we are better able to do it locally, I believe, than to depend heavily on a central office that sometimes is out of context with some of our needs and directions in the Southwest.

Mr. **Quie**. Was there one individual for all of those States?

Dr. **Hansen**. That is right.

Mr. **Quie**. If he was located in the State, would that mean you would need too many individuals, that is if you had one located in the State?

Dr. HANSEN. At the time we had one man within the region to serve all five States.

Mr. QUIE. Thank you.

Mr. HANSEN. Let me express my appreciation to Dr. Hansen for an extremely well thought out and useful statement, particularly your detailing the implications of the reduction in the level of support of graduate work in the area of rehabilitation counseling.

As you are aware, this is one of the many specialized fields identified in the act. Those that justify special support in the form of grants for graduate work and other special grant programs. Among those are medicine, social work, occupational therapy, physical therapy, many others. Your area, of course is in counseling but I would like to ask you what you could tell us about the impact of the reduced level of support and its indications for the future in these other related fields.

Dr. HANSEN. These other fields that you are discussing will nationally be severely curtailed in the manpower development that they are able to provide within MPT, OT, social work as you have listed.

First I think our concentration today has been on the training of the rehabilitation counselor because we see this individual as the key implementor of the rehabilitation program. Along with his ability to implement the program, we know there must be allied health professions, professionals available to complete this circle of delivery of services.

If I have overstated the case about the rehabilitation counselor, it is because we believe him to be the implementor of this total rehabilitation program. We know if the next step in the chain is broken, the ability to find a properly trained physical therapist, people trained in medicine, this circle will be broken. Having these professionals within the allied health services is also important.

Mr. HANSEN. Would you say it is equally important with the needs in the counsel field?

Dr. HANSEN. I can only go back to my earlier remarks and say we feel the counseling field implements the beginning of the program, and in many instances we certainly are equal, but we feel by far the overriding purpose, the overriding implementation of rehabilitation comes from the counselor working in the field on an individual basis with a disabled client.

Mr. HANSEN. If I understand what you are saying, it is, in a large measure, the counselor's effectiveness depends on the level of skill and effectiveness of these allied fields.

Dr. HANSEN. That is correct.

Mr. HANSEN. Thank you.

Mr. BRADEMAS. Thank you, Dr. Hansen. We again on the subcommittee are grateful to you for your statement and responses to our questions.

Mr. Dwight, we are pleased to have you at this time with your associates, and perhaps you would be good enough to identify them and then I understand you have no opening statement, or perhaps you would like to make an opening statement, any way you wish to proceed.

A PANEL CONSISTING OF JAMES S. DWIGHT, JR., ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE, ACCOMPANIED BY CORBETT REEDY, ACTING COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION, AND CAROLYN BETTS, ACTING ASSOCIATE ADMINISTRATOR FOR FIELD OPERATIONS, SOCIAL AND REHABILITATION SERVICES

Mr. DWIGHT. Yes; I have with me this morning, as your letter of invitation suggested, Mr. Corbett Reedy, the Acting Commissioner of the Rehabilitation Agency, and Carolyn Betts, who handles the field operation activity.

I had not intended to make an opening statement inasmuch as this was a continuation of the previous overview hearing at which time I made an opening statement. However, I would offer an expression of my own concern at some of the testimony and the implications of the testimony we have heard thus far this morning; namely, that there was or ever has been any inclination to diminish the effectiveness with which this program services handicapped people. I think that the record, particularly the record since 1967, would speak strongly to the contrary.

Mr. BRADEMAS. Thank you, Mr. Dwight, and let me express to you personally my own appreciation for your having come this morning because I know it was at some inconvenience to you. This committee, and the whole House, as you know, are extremely busy right now, so we don't have many days left. I appreciate also your observation.

One of the reasons I felt it appropriate that you testify after having the other witnesses heard was that you should have an opportunity, you and your associates, to hear some of the criticisms being voiced in the field. So I will just start going through some questions and we will run along as we can, and if there are bells, if you don't mind we will come right back as soon as we have answered our names and keep going as long as it is possible for you to be with us.

Let me begin with a question about the specific status of the VR regulations. You heard that matter discussed with Mr. Mills. Just by way of background, on October 24 of this year, RSA and SRS personnel met with the staff of the House Education and Labor Committees to discuss the regulations and guidelines and any potential issues that might arise out of them. At that time it is my understanding a specific commitment was made by those officials to return to Congress to discuss these issues and the regulations and guidelines and give members of the relevant authorizing committees an opportunity for further comment before the regulations are published. I understand—and you can advise me—that the regulations are reaching final form, so I wonder if you can tell the subcommittee as specifically as you can just when and how the promised meeting with Members of Congress concerned and with their committee staffs will take place.

Mr. DWIGHT. Yes; I was not personally present at that meeting, but Mr. Reedy was there.

If I may digress for a moment, I would like to try to set the key elements in the process in a perspective with which I am viewing them.

and perhaps that will be of assistance in piercing to the point of what you are getting at, which is a status report, I believe.

The law was signed on September 26, I believe, and one of the key provisions in the law was that interim regulations be promulgated within 90 days, and second, that the old law would terminate and cease to function after that 90-day period of time, thereby providing us with a fairly short deadline, but certainly one we have every expectation of making in order to achieve some rather significant goals. Fortunately, inasmuch as the apparent conclusions in the law were visible some time before September, we commenced staff efforts within the Rehabilitation Service Agency in order to anticipate and actually to get to some of the work even before the law was signed, feeling that we at least could identify the options that were still open, and we could get some of this effort underway.

The meeting that took place with several of your staff members was for the purpose of giving them some idea of how we were proceeding. One of the specific outgrowths of that session was a commitment on our part to identify the issues which we believed would arise in the process of developing at least the proposed regulations which would implement the new law. We have every expectation, in fact we will issue interim regulations that will serve as the basis for guiding the program prior to the expiration of the 90-day period, which I believe is December 24. Those will reflect the essential changes flowing from the new law so the States will be operating under the new law effective with the issuance of those interim regulations.

There are also other processes by which regulations drafted, submitted for comment, refined, and finalized. By and large, these processes are set forth in regulation, I believe it is A–85 by name, which requires preconferral with other levels of Government, thereby assuring State inputs, and further requires the publication of proposed rulemaking, with, I believe a minimum comment period of 30 days. Based upon the comments received, both through the preconferral process with the States and other interested parties and through the process of publication of proposed rulemaking and receipt of comments, final regulations which govern the program come at the end of that process.

We are on that track and I would hope that at least proposed regulations would be available concurrent with the issuance of the interim regulations which will govern the program. Obviousy we will want to confer very closely with those persons party to that earlier meeting that you made reference to, with the Governors, and with other interested parties.

I think we are making good progress. We have, I would say, substantially finished the staff effort internally within the Rehabilitation Service Agency. We are starting to move forward on our own internal clearance process, so ultimately the Secretary will be in a position to issue those as proposed rulemaking, as is his responsibility under the law.

Mr. Brademas. When is the 90-day period up?

Mr. Dwight. Either December 24 or 25, let's say the 24th.

Mr. Brademas. That is Christmas eve, and Congress is supposed to adjourn on December 15. I have not yet heard you give an answer to my question. When are you going to sit down with us in Congress before these regulations are published to discuss them with us in order to enable us to give you our views to the extent to which they are in compliance with the intent of the law?

Mr. DWIGHT. My understanding, Mr. Chairman, was that the interest in the Congress was in the full-blown regulations which would be derived from the new law and the necessary policy choices that have to be made administratively within the law. Those issues, I believe, have been identified and presented to you.

Mr. BRADEMAS. Your understanding is not correct, I am afraid. Let me put it in as basic English as I can. A commitment was made last month, that prior to the issuance of the regulations and guidelines—prior, not after—Members of Congress who have responsibility in this field, would be consulted. We have not been consulted. I am asking when you intend to consult us. Now surely you can give me an answer to that question.

Mr. DWIGHT. I believe that one area of concern was identified, namely, the listing of issue which would be addressed in the process of developing, shall we say, the regulations, inasmuch as I presume the first cut will be modified as we move down this process of conferral and formal comments. It would seem to me that, one, the question of interim regulations, which will be merely a modification of existing regulations as is required by changes in the law, is on one track. The development of regulations which will govern prospectively and must go through the several different steps which I enumerated a moment ago. With regard to the steps in that development, we intend to sit down and meet with the Congress, the Governors, and other interested parties, but certainly the Congress and the Governors, as an essential first step in the process. Those regulations will not be final within 90 days, there just isn't time to do it.

Mr. BRADEMAS. I won't take much more time because we have many more questions, but I would hope we could get more specific commitment from your office on that process of consultation. I have so far heard you say in response to my——

Mr. DWIGHT. Perhaps I could give two specific commitments. One is we will have interim regulations issued and published before December 24. If you wish to be consulted on them, that should present no problem. I did not anticipate that you would want to be consulted on these because these are merely a recitation of the law, modifying existing regulations as the law requires.

Mr. BRADEMAS. I would think we would want to be consulted on those regulations, and I would have thought, in view of the criticisms leveled by the chairman of this subcommittee, and others, and our apprehensions of the intention of your office to comply with the intents of the Congress, you would, in your own self-defense, want to be sure you were not going down the wrong track and running into a stone wall.

Mr. DWIGHT. This is not the normal way we address the issuance of regulations.

Mr. BRADEMAS. I understand, but in this whole area—one can point to other areas—to put it as bluntly as I can, we have strong reservations about the extent to which you intend to obey the law.

Mr. **Dwight.** We would be hopeful in developing these regulations we could disabuse you of that apprehension.

Mr. **Brademas.** One way you could do it is to sit down and talk to us. You can pick a time certain and not have the horses let out of the barn. Come talk to us before December 15 when we adjourn.

Mr. **Dwight.** We will do that on the interim regulations. I can't on the full-blown regulations because I am not sure when they will be along.

Mr. **Brademas.** I don't ask the impossible. I ask you what I think is reasonable.

Mr. **Quie.** Will the gentleman yield?

Mr. **Brademas.** Let me ask one further question. I hope you can give this committee assurance that there will be consultation with respect to the interim regulations as well as the other regulations prior to the end of the 90-day period with the State vocational rehabilitation administrators. Have you consulted with them so far on either of these matters?

Mr. **Dwight.** No; I do not believe on the latter matter of interim regulations, although there has been consultation as regards the regulations that will be full regulations. There has been consultation there, but not on the interim regulations.

Mr. **Brademas.** Will there be?

Mr. **Dwight.** There was none contemplated.

Mr. **Brademas.** Don't you think in light of the questions this committee is raising and criticisms you heard this morning there should be?

Mr. **Dwight.** In my judgment there is not sufficient time. Those regulations have not been finalized for submission to the Secretary.

Mr. **Brademas.** That is the chicken and the egg. Then you could tell us they have been issued. I would suggest in your own interest, in view of the very widespread criticism which you must be aware of and which you heard voiced this morning, of the manner in which you propose to carry out the law, that you consult with these people. I feel it is as plain as the nose on your face you are getting a lot of criticism across the country. I am making what I think is a reasonable suggestion in your own interest.

Mr. Quie.

Mr. **Quie.** I want to be sure I understand. You have an agreement with Mr. Dwight on the interim regulations that he will come and talk to the committee before their implementation, that is prior to December 15?

Mr. **Brademas.** Yes.

Mr. **Quie.** You did say they are not coming forward with the permanent regulations?

Mr. **Brademas.** I hope he would do that. I did not mean the first commitment to exclude the second.

Mr. **Quie.** What happens on the permanent regulations?

Mr. **Dwight.** Congressman Quie, the permanent regulations, I am not sure I can guarantee the permanent regulations will be ready for discussion with anybody by the 15th.

Mr. **Quie.** You will discuss the regulations with us, though?

Mr. **Dwight.** Our intention will be to go through two or three steps with regard to the issuance of the new, permanent regulations. One would be to go through the preissuance conferral process with the States, the Governors, and the committee, and whoever else would be interested. Second, to go through a formal comment period, so comments from other parties can be considered before final regulations are ultimately issued. Those steps usually run sequentially, one happens, and then the next, and then the next. We would hope to start that process on or shortly after this 90-day period, and that is the reason we have to resort to interim regulations as a device to satisfy the requirements of the law.

Mr. Quie. When is your time limit on the permanent regulations? You have the 90 days plus the 30 days?

Mr. Dwight. I would say due diligence would be the requirement. If we are able to have available in a printed form for review on or about the expiration of the 90 days a set of final regulations in proposed draft form, that would start that process. Normally the process is 45 days, that is the preconferral period with the Governors, and 30 days is the comment period. Between those periods, you have to have time to receive and analyze the comments of the Governors and this committee. Also at the conclusion of the 30-day comment period, you have to receive, analyze, and determine those comments which would be incorporated into the final regulation. So it is a period of about 135 days.

Mr. Quie. So we are well into next year on that.

In section 3–A of the bill there is a prohibition against the Secretary delegating the functions of the Commissioner to any other officer not directly responsible to the Commissioner unless the Secretary first submits a plan of delegation to the Congress. In your interim regulations or permanent regulations are you anticipating any such delegation that you would have to submit to the Congress?

Mr. Dwight. Yes, matters now currently dealt with in the regions would have to be considered and a determination made as to how we wish to handle that. Most of the alternatives have been discussed here this morning by some of the earlier witnesses.

Mr. Quie. How will that plan of delegation be submitted to the Congress? To me that is different than the kind of colloquy or discussion that would go into the interim regulations that the chairman was talking about earlier.

Mr. Dwight. Yes.

Mr. Quie. I would expect a formal plan to be submitted to the Congress. Is that your interpretation of the way the legislation is written?

Mr. Dwight. Yes.

Mr. Quie. Could we expect to receive that before the interim regulations go into effect or afterward?

Mr. Dwight. My further understanding is that the Congress has to be continually in session for a period of 60 days—that is a requirement of the law. That is a physical impossibility before January.

Mr. Quie. So, in other words, you are saying you don't plan to do any delegation before January when you can submit a plan to us?

Mr. Dwight. That would be an accurate reflection of the options as I see them. In other words, there is no way to delegate other than from the Secretary to the Commissioner and to people who are immediately responsible to the Commissioner until such time as a plan has been submitted to the Congress and the Congress has been continuously in session for a 60-day period. That would get us into the tag end of February or middle of March next year at the earliest time.

Mr. QUIE. Let me ask the chairman, if I may, with this understanding, would you expect that the plan now that has been aired and discussed as a possibility would be submitted to us formally ~~and~~ the Congress would then have 60 days to initiate any action to approve it?

Mr. BRADEMAS. My answer to the gentleman's question is I would expect that.

Mr. QUIE. Then I would ask the chairman, would it be better to wait until that time comes rather than pursue very much further the discussion on that portion of our interest in Mr. Dwight's activity?

Mr. BRADEMAS. I appreciate the suggestion from the gentleman from Minnesota. It may be helpful, however, to Mr. Dwight if some of the apprehensions that some of us, in all candor have, be aired so that he could have them in mind as he went about his planning.

Mr. QUIE. Yes; I would agree with that, but even if we do that we still have the responsibility and the Department has the responsibility to submit the plan to us.

Mr. BRADEMAS. The gentleman is exactly right.

To continue our questioning, Mr. Dwight, at our last oversight hearing on August 3, you will recall that we asked you when we might expect to receive the nomination for the Commissioner of RSA, and you responded you were looking for someone with a good background in both rehabilitation and management. I wonder if you could report to the subcommittee where we now stand with respect to filling this position which Mr. Reedy has been so ably filling as the Acting Commissioner?

Mr. DWIGHT. Yes; Mr. Chairman, fortunately, with the signature on the legislation, we were able to generate a considerable degree of interest in the position through the recruiting efforts which we have in the Department. I don't know what the number is, but I would guess I probably personally reviewed 30 or 40 individuals for the position. I have two more whose backgrounds look as though it necessitates an interview, and perhaps more. My immediate position is that I have two more people with whom we are attempting to schedule interviews. As of today I would say there appear to be a number of persons for the position out of those I have already interviewed who meet both the qualifications you mentioned.

Mr. BRADEMAS. I should tell you that I have had a number of letters expressing alarm about the qualifications of some of the candidates it is rumored you are considering. I will quote from one letter. "One of the prime candidates under consideration apparently has no program background in either vocational rehabilitation or other social service programs." The same letter continues, "I hear that he has a professional background as an aeronautical engineer. I have also heard another of the candidates is an insurance company executive."

I guess I would just express my own hope, although this is your responsibility, Mr. Dwight, that whomever you select is a person who knows something about rehabilitation as well as meeting the management criterion to which you earlier made some reference.

Mr. DWIGHT. Mr. Chairman, your desires appear to be consistent with my own, and I would suspect that perhaps somebody assumed that an interview would indicate that the individual was an active candidate at the present time. This is not a valid assumption.

Mr. **Brademas.** Can you give us any idea when you think you will solve that problem, that headache?

Mr. **Dwight.** Now that we appear to have individuals that meet the qualifications that I suggested to you and you played back to me here today, my expectation is that I will be able to make a recommendation within the next 30 days. How long it will take after that is something I can't speak to.

Mr. **Brademas.** Ms. Betts, let me put some questions to you. Mr. Dwight, or Mr. Reedy, if you wish to comment, please do so. I believe this is the first time you appeared before our committee?

Ms. **Betts.** Yes.

Mr. **Brademas.** Perhaps, as I said to your associates at the last hearing, you would be kind enough to say a word about your background?

Ms. **Betts.** Yes; I have some 18 years with the Department of Health, Education, and Welfare, 13 of those having been with various components of the Social Security Administration; some 3 years were with the Office of the Secretary in various activities associated FAP. I have been with Social Rehabilitation Services since October of 1972.

Mr. **Brademas.** Your title is Acting Associate Administrator for Field Operations of the Social Rehabilitation Services. Can you define your responsibilities?

Ms. **Betts.** Actually, other than the acting capacity in which I am serving, I am the Deputy Associate Administrator for Field Operations, the Administrator having left that position in February. As a Deputy I have assumed his responsibilities, or assumed his job until further actions are taken in that personnel vein.

Essentially the Office of Field Operations is responsible for assisting regional offices in the full gamut of their management of the programs within the regional offices, to the service staff, to the Administrator, coordinating the functions in the regional offices or central offices, either in program or management areas. That is essentially what we do.

Mr. **Brademas.** Thank you very much.

Let me turn now to ask you some questions, Ms. Betts, about a matter to which some allusion was made, though not very specifically, by the previous witness. I believe Mr. Mills addressed himself to the question of single State agencies and their responsibility for vocational rehabilitation. As you are aware, the Rehabilitation Act of 1973 requires the——

Ms. **Betts.** May I correct you? I am not at this point in time familiar with the Rehabilitation Act of 1973. My experience in the program matters actually relates to a coordination function between regional office positions and central office. My only knowledge today is as regards the current act which is subject to expiration very, very soon, I understand.

Mr. **Brademas.** The particular area on which I wish to address questions to you is one with which I think you have some familiarity. For I received a number of communications indicating that the State of Arizona has created a Department of Economic Security within which the vocational rehabilitation program would lose its focus. I am further advised of some apprehensions that the Rehabilitation Service Administration will approve this plan with respect to rehabilitation, and I wonder if you would comment on this particular matter?

Ms. **Betts**. I could comment to this extent. A proposed amendment to the Arizona State plan was submitted to the regional office——

Mr. **Brademas**. Would you pull your microphone over?

Ms. **Betts**. A proposed amendment to the Arizona State plan was submitted in the usual channels or form to the regional office located in San Francisco. There was a feeling by some of the staff members in that regional office that the plan could not be approved vis-a-vis the requirement for sole organization units. There was also some staff in the office of the regional commissioner which deemed that plan could be approved under the current law, and the regulations.

The regional office does not have delegated authority to disapprove the State plan, in any event. The delegated authority is for approval only. Since there couldn't be agreement there, we received papers in due course with recommendations from staff members and provided it to the Administrator for decision.

Mr. **Dwight**. That matter, Mr. Chairman, was submitted to me some time ago. It was submitted several months ago. Conclusions were made by myself that the plan was approvable, and that information has been communicated back to the State of Arizona.

Mr. **Brademas**. I think it is a fact—you will correct me if I am mistaken, Mr. Dwight, and Ms. Betts—that the RSA in 1972 indicated opposition to the plan, contending that the so-called Arizona plan we are discussing did not comply with the Vocational Rehabilitation Act; is that correct?

Mr. **Dwight**. There was a good deal of controversy on the question on the basis of policy, and on the basis of prior policy of the Department. This would have precluded approval and has precluded approval for several other States which previously requested approval of similar organizational concepts. But it seemed to me to be appropriate, and it seemed to me to be the sort of thing with which the Federal Government ought not to interfere, that is, the internal organizational structure of a State, as long as it meets the requirements of the law, which it does.

Mr. **Brademas**. How did this particular proposal arise? Can you tell us that, Mr. Dwight?

Mr. **Dwight**. I assume the State decided it wanted to reorganize its human service delivery mechanism. As best I know, it created an umbrella agency, including vocational rehabilitation. It submitted the program to the regional office for approval. I don't know how that occurred. I assume there was interest in that at the State level and laws were passed at the State level to implement it.

Our first knowledge of it was when they requested our approval of the organization plan.

Mr. **Brademas**. You don't know how it occurred? Are you not aware a grant was made from SRS to the State legislature of Arizona?

Mr. **Dwight**. That is possible, but I was not aware of that. That must have been before my tenure of office.

Mr. **Brademas**. Were you aware of that, Ms. Betts?

Ms. **Betts**. No.

Mr. BRADEMAS. Are you aware, Mr. Reedy?

Mr. REEDY. Not for that specific purpose.

Mr. BRADEMAS. For what purpose was money made available to the State of Arizona?

Mr. REEDY. We have made grants to the State of Arizona for the study of human services, but I don't connect that with the reorganization plan. Those grants were made before my tenure in office. I do not have specific information about them.

Mr. BRADEMAS. Is this a typical grant?

Mr. DWIGHT. We would be happy to explore the grant in question if you desire, Mr. Chairman, and indicate for the record the circumstances surrounding it.

Mr. BRADEMAS. As I understand it, and if you are not aware of what I am talking about perhaps I can illuminate the situation, at least in terms of my own understanding of it. You deal with these subjects all the time. We in Congress have a wide variety of subjects with which to cope. I think you ought to know the spring 1972 issue of State Government points out, published by the Council of State Governments, carries an article on the grant to which I refer. I will quote from the opening paragraph.

The article is ,"In Arizona Legislature Gets General Purpose Staffing Through Federal Grant."

The opening sentence reads:

> On January 1, 1972, the Arizona State Legislature was awarded the first federal grant ever given to a Legislature to employ a professional staff in the areas of health, employment rehabilitation, and welfare.
>
> The Social and Rehabilitation Service (SRS) division of the Department of Health, Education, and Welfare approved the $235,770 grant for a 2-year period.

The specific grant to which I am making reference is cited, "SRS 12-p-55574/9."

Now I have in front of me a number of memoranda, Ms. Betts, which have your name on them. The memoranda concern not the grant, but a plan to reorganize human services in Arizona—a plan, in my opinion, which may be a consequence of that grant. I am, therefore, disturbed that there does not seem to be greater awareness on the part of any of you of this particular matter.

As a matter of fact I am also aware that the regional office to which reference was made earlier has submitted memoranda making clear that the proposed plan does not conform to the Federal law or to the regulations.

Now I said earlier in a rhetorical question that the RSA had indicated opposition last year in a memorandum from Mr. Newman, signed by you, Mr. Reedy, to the plan on the grounds it did not comply with law and regulations.

It is also my understanding that last year the Youth Development and Prevention Administration within SRS indicated opposition on the part of that agency to the so-called Arizona plan. In addition in 1972 the Community Services Administration, in a memorandum from the Acting Commissioner, stated opposition to the plan, and stated that the plan will "Impede separation of service from assistance payments and all categorical assistance programs." I could cite other opposition to the so-called Arizona plan from within the Federal Government.

Now this is a good example, Mr. Dwight, of the kind of problem that has concerned us on this committee of the compliance of your administration with the intent of Congress, and I want to know where you now stand with respect to approval or disapproval of this so-called Arizona plan.

Mr. DWIGHT. I am not sure, Mr. Chairman. We seem to be discussing a grant with which I am not familiar. We are also talking about a State organization which is charged with the responsibility of administering programs under various Federal laws, and specifically as it relates to the Vocational Rehabilitation Act. I can address it later.

I can't address the State plan. I don't have the knowledge to talk about that.

Mr. BRADEMAS. Let me focus my question a little more carefully so you will understand what troubles me. You observed earlier when I aired this particular matter this was an internal State matter, yet as I understand what you have done is to take vocational rehabilitation money that has been earmarked for research, and you gave it to the State Legislature of Arizona, which in turn passed a State law establishing a Department of Economic Security within which the vocational agency was subsumed, and which lost its independent status as required by the law.

Now there are all kinds of issues that arise out of that sort of shenanigan. In the first place what are you doing spending vocational rehabilitation research money in that fashion, Mr. Reedy? That is not what Congress intended. Obviously what you are doing is moving in the direction of precisely the kind of thing which Mr. Mills in his testimony warned about; namely, you are burying vocational rehabilitation programs within some other department in a manner not permitted by law.

Now, if you are not familiar with this, I must say at the outset I am astonished to hear it, because a lot of vocational rehabilitation people are.

Mr. DWIGHT. Mr. Chairman, you are addressing two issues. I am very familiar with one, but I have no knowledge of the other. I think one reason is that one circumstance occurred a long time ago, 1 year or 1½ years ago.

Mr. BRADEMAS. That is not a long time. Congressmen get elected for 2 years.

Mr. DWIGHT. I had no responsibility in this agency until June of the current year, and Ms. Betts has a little longer tenure than I do.

Mr. BRADEMAS. It is on your desk now, Mr. Dwight. What I am talking about is not off on the moon. It is in front of you for decision now. Are you aware of that?

Mr. DWIGHT. The issue that was on my desk several months ago for decision was the question of SRS policy as it relates to the approvability of the Arizona umbrella plan, which has within it a vocational rehabilitation element. Specifically the issue was whether the field staff that concerns itself with vocational rehabilitation had to report to the person who was in charge of the bureau which has responsibility for vocational rehabilitation or whether it could report to the director of this Economic Security Agency.

As a matter of policy I determined that was approvable. A question of law is, first, the single State agency, which the plan has; second, the bureau which has responsibility for vocational rehabilitation which the State plan provides for; and, third, the requirement as to the head of that bureau which also is included in the plan. It was a policy question, not a legal question, a policy question as to the reporting agency between that State field staff.

Mr. BRADEMAS. It seems to me you have a legal problem and a policy problem because lawyers for HEW in San Francisco have prepared memoranda that indicate that you are in violation of the law. Are you aware of that?

Mr. DWIGHT. If that is the case, then that is something I will have to deal with.

Mr. BRADEMAS. You say, "If that is the case." I don't know why you should have any doubt in view of the fact that the memoranda have been made available to you. Ms. Betts, you are aware of them. You have commented on these memoranda, have you not?

Ms. BETTS. Yes, I did by way of summary.

I believe, Mr. Chairman, that was also on the same subject matter, but not related to the Arizona State plan. We also provided the administrator the opinion of SRS which indicated that contrary opinions could be drawn, even that there were conflicts in opinions, and conflicts in the directions that the Administrator could decide upon. We left the matter for decision.

Mr. BRADEMAS. In view of those conflicts, what do you plan to do?

Mr. DWIGHT. Mr. Chairman, it has been done.

Mr. BRADEMAS. What?

Mr. DWIGHT. We advised the regional office the policy of the Agency would permit the approval of the plan.

Mr. BRADEMAS. When did you do that?

Mr. DWIGHT. I believe some time in September verbally, and recently, in the last couple of weeks, by actual communication to the office in writing.

Mr. BRADEMAS. What day did you do that by letter?

Mr. DWIGHT. I don't know. I don't have the correspondence available.

Mr. BRADEMAS. Would you make a copy of that available to the committee?

Mr. DWIGHT. Certainly.

Mr. BRADEMAS. Let me observe I think you are inviting a lot of trouble for yourself. I would put to Mr. Mills the question, are you aware of this decision? Were you aware of this decision?

Mr. MILLS. I have no communications with regard to some other State. I am not aware of any communication about the Arizona plan.

Mr. BRADEMAS. I want to suggest to you, as I read the statute, you are breaking the law, and I hope that is clear, and this is a good example of why we have these hearings, Mr. Dwight. Now I have been accused of being rather rough in some of my observations when I have accused people in HEW of being afflicted with what I call the Watergate mentality. That doesn't mean that I think necessarily that its top employees are out stealing money. What it does mean is I think they don't show sufficient respect for the importance of complying with the laws of the land. This is a good example of it. You are just inviting the most sharp and adverse reaction from members of this subcommittee. You will cause us to have to write those laws so sharp we tie you up in knots.

Will you tell us what you think the Arizona plan is so I can let you have back at me?

Mr. DWIGHT. I think I set forth its key elements a moment ago. Let me see if I can bring it into sharper focus. The State of Arizona created a statutory umbrella agency, one element of which was the vocational rehabilitation program. That vocational rehabilitation program constitutes a bureau, as do other human service programs. It is headed by an individual who meets the requirements under the statute.

Mr. BRADEMAS. In your judgment?

Mr. DWIGHT. Certainly in my judgment. Those persons who are not physically domiciled in the State capital are put together in common human services, separate geographic structures which deal with all the human services programs, and those individual separate geographic structures report to the Economic Security Agency.

Mr. BRADEMAS. The RSA Division of Planning and Management earlier this year in a memorandum dated May 10, 1973 indicates, "That the plan is not in conformity with Federal rehabilitation requirements." It goes on to note that "Vocational rehabilitation counselors are not supervised by the BRS (Bureau of Rehabilitation Services) but by the field services district supervisors. This raises the question whether there is a vocational rehabilitation unit in actuality. There certainly is not one with the authority and status required by the Vocational Rehabilitation Act, and by the Vocational Rehabilitation Regulations."

Now that is not my statement. that is a statement of your own Division of Planning and Management Assistance.

Mr. DWIGHT. I am aware of that opinion on their part. It is largely a question of policy; Mr. Chairman.

Mr. BRADEMAS. It is largely a question of policy? Listen, when somebody says out of your own shop "there certainly is not one with the authority and status required by the Vocational Rehabilitation Act," that is not solely a matter of policy, that is a matter of whether you are breaking the law or obeying the law. It is not just policy—or is it the question of policy down there these days whether you decide to obey the law? That is the problem that distresses me more than anything else, and it is getting to be all too familiar a litany out of this crew downtown, and especially HEW.

I want you to get me a copy of your letter up here, and a detailed description of the history and analysis of what has happened on the whole Arizona plan business because in my own judgment, from what I have seen of this memoranda, and I have seen some of them, you are in violation of the law, and I should have thought that you would bend over backwards to try to obey the law down there after all the criticism that we have been raising.

How are we supposed to take seriously your constant protestations that you want to be believed? That you want to be credible? That you want to work with Congress? That you want to obey the law? That you want to bend over backwards to cooperate with the Congress, when we encounter this activity on your part?

Mr. DWIGHT. It is my view that the matter of State organization, to the extent that it is appropriate under the law, is a matter on which the Federal Government should be flexible, and it was on the basis of that conviction on my part that my conclusion was reached.

Mr. BRADEMAS. I think you are in big trouble. (See p. 131.)

[The letter of approval of Arizona Plan referred to follows:]

NOVEMBER 21, 1973.

Mr. CHARLES SYLVESTER,
Acting Regional Commissioner, SRS, Region IX,
San Francisco.

Re: State plan for Vocational Rehabilitation Service

This memorandum is in response to your request for a policy ruling on the approvability of the amendments covering reporting relationships of Arizona Vocational Rehabilitation personnel in the field submitted by Arizona to their State plan. As I have previously indicated, I gave oral approval to William Mayo on September 17, 1973.

The new State Plan for rehabilitation services was prepared and submitted pursuant to provisions of S. 1068 enacted and approved by the State of Arizona which bill provided for reorganization of certain social services administrations. We have undertaken a thorough and detailed review of the Arizona Plan for the administration of vocational rehabilitation services and find the Plan in compliance with Social and Rehabilitation policy pursuant to the Vocational Rehabilitation Act (U.S.C. Title 29, Chapter 4). The Plan details a comprehensive outline for meeting the current and future needs of providing vocational rehabilitation services to handicapped individuals and to provide such services for the benefit of such individuals so that they may prepare for and engage in gainful employment.

Additionally, the Plan provides for the administration and delivery of the State's vocational rehabilitation services with concern for maximum efficiency and quality service delivery. This goal of maximum organization and administrative effectiveness in order to assure quality service delivery is in complete compliance with Social and Rehabilitation policy.

We understand that the State of Arizona has been operating under the new State Plan since January 1973. We are further apprised that no unique difficulties have been encountered in the reorganization process which would impair delivery of basic vocational rehabilitation services.

This approval of policy stems from our desire to allow the States maximum flexibility under the law and consistent with sound administrative practices.

(S) JAMES S. DWIGHT, Jr.,
Administrator, Social and Rehabilitation Service.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE
WASHINGTON, D.C. 20201

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TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL SOCIAL AND REHABILITATION SERVICE STATE PLAN PROGRAMS

TO: REGIONAL COMMISSIONER
SOCIAL AND REHABILITATION SERVICE
DEPARTMENT OF HEALTH, EDUCATION & WELFARE

TRANSMITTAL NUMBER
73-8-A

I PROGRAM IDENTIFICATION (Same identification as title page of proposed plan)
Titles X, XIX, XVI

II TYPE OF ACTION SUBMITTED FOR APPROVAL (Check one and enter effective date)
☒ NEW STATE PLAN
☐ AMENDMENT
EFFECTIVE DATE → January 15, 1973

COMPLETE REMAINDER OF PART II IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

FEDERAL REGULATION CITATION
F. R. Vol. 34 9200

State Plan for Vocational Rehabilitation Services

NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT
Old DEVI State Plan

SUBJECT OF AMENDMENT
To make changes as required by Arizona Senate Bill 1068

III GOVERNOR'S REVIEW (Check one)
☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL TO GOVERNOR'S OFFICE

SIGNATURE OF STATE AGENCY OFFICIAL

1973

TITLE
Director, DES

DATE
November 29, 1973

RETURN TO: (Name and Address of State Agency)
Arizona Department of Economic Security
P.O. Box 6123
Phoenix, Arizona 85005

REPORT OF SRS APPROVAL

DATE RECEIVED IN REGIONAL OFFICE
NOV 30 1973

REGION
IX

Plan approved—one copy attached

SIGNATURE OF REGIONAL OFFICIAL
Charles M. Sylvester

TITLE
Acting Regional Commissioner
Social and Rehabilitation

DATE
11/30/73

REMARKS
Amends and supercedes 73-7 and 73-8

HISTORY

Chronology of Arizona Administrative Reorganization and SRS Grants

The relationship of the VR unit within the Arizona Department of Economic Security and the several SRS grants in question, while parallel in occurrence, has little real cause-effect substance.

On January 1, 1972, the Arizona State Legislature was awarded the first Federal grant to be given a Legislature to employ a professional staff to meet the basic needs of the Legislature for quality technical assistance in general human services. The State proposal was preceded by approximately 6 years' research activity by the University of Arizona Rehabilitation Center which closely examined the role and functions of human resource specialists. The January 1, 1972 grant thus represented the fruition of a lengthy undertaking involving joint Federal-State-legislative and university efforts. The project is therefore the result of significant team efforts.

This grant was not specifically related to the development of the Arizona reorganization plan. In fact, the report of a Governor's task force recommending reorganization was presented in February 1970. In February 1971, a Senate Bill legislating reorganization was introduced but failed to pass during that legislative session. A reorganization bill, Senate Bill 1068, was reintroduced the next year and passed in May 1972. Reorganization efforts were therefore well underway before the grant was awarded in January 1972. Given the usual start-up time of several months before a grant becomes operational, the reorganization plan was legislated before the project was really active.

It should be recognized that the action of a legislature while it may be based upon research findings and scholarly reports is, in the last analysis, an interpretation of those findings and reports; in that light the responsibility for the actions taken are not that of the researchers or the grantees.

The Services Integration Grant was submitted May 4, 1973. It was cleared by the Arizona State A-95 Clearinghouse on May 7, 1973. The proposal was thoroughly reviewed by the Regional Directors' Office, by the Rehabilitation Services Administration, and finally by an HEW Interagency Task Force. It was clearly recognized that a waiver would be necessary to effect the objectives of the project. It was the understanding of the Task Force that a waiver would be requested. This, unfortunately, has not been done by the State of Arizona. Our recourse at this point will be to withdraw the SRS R&D portion of the funds granted to the services integration project.

The objectives of this grant are well in line with the general purposes of the services integration program in that "one stop" service centers are proposed to meet the multiple needs of people. The purpose of the services integration program in general is to find ways to provide clients with needed services through a rational system which is comprehensive, continuous, effective, and efficient; a system that is coordinated with respect to the 270 odd programs within HEW.

ANALYSIS

Arizona Department of Economic Security,
William J. Mayo, Director,
Phoenix, Ariz., December 6, 1973.

Re Information memorandum.

Thomas G. Tyrrell,
Chief, Rehabilitation Services Bureau

The Rehabilitation Services Bureau is the watchdog of the Department for integrity and quality of vocational rehabilitation services to handicapped persons in Arizona. Sound management practice dictates that quality control be performed by persons other than those who are actually providing direct services to clients. The Bureau's objectives include: Program evaluation, objective measurement of results, assurance of compliance with accepted administrative practice, upholding the integrity of the vocational rehabilitation program and process, as well as State and Federal regulations, and other necessary activities which contribute to a well-integrated, efficient economical and resourceful service delivery system.

The Bureau staff analyzes and digests all information pertinent to the operation of vocational rehabilitation programs in Arizona. They also coordinate closely with other organizational components of the Department in identifying the unique needs of the handicapped in Arizona. The Bureau relates all data to implementation of operational procedures for Arizona's vocational rehabilitation program. In so doing, the Bureau provides the Director of the Department with program parameters in view of the needs, federal laws, regulations, program letters, guidelines, and state legislation relating to the vocational rehabilitation program. The knowledge, experience and expertise of the highly qualified staff is not, then devoted to the day-to-day supervision of direct service personnel; rather it is focused on directing and assuring the Department's long range planning, development, and implementation of vocational rehabilitation services within a compatible network of other resources and program components.

In performance of its quality control function, the Rehabilitation Services Bureau makes recommendations to the Director which exert a strong, positive influence on delivery of services to the handicapped. The Bureau maintains a continuing monitoring and evaluation of the Field Services Division's delivery of vocational rehabilitation services, and works closely on a consultative basis with District Managers, District Vocational Rehabilitation Consultants, Area Managers, VR Unit Supervisors and Counselors in the resolution of problems and implementation of new programs and program changes. Where immediate problems on program deficiencies are identified during field evaluations by Bureau staff, the issues are discussed directly with the Department personnel involved. In most instances a solution is agreed upon at the time of the visit. Reports of every field evaluation are prepared with Bureau recommendations for strengthening or improving the VR service delivery in the District. District Managers then have ten working days to respond to the recommendations and take corrective action, if such action is indicated. The Director of the Department reviews each report, the action taken, and orders immediate corrective action when necessary. Attachment #11 contains some examples of these field evaluation reports.

Out of these evaluations also comes recommendations from the Bureau for new or additional policies and procedures, program and funding priorities, and staff training. Bureau staff also coordinate these recommendations and their implementation with the Department's staff components for budget, accounting, data processing, research and statistics, personnel, and resource planning. Training for VR service delivery personnel is conducted with Bureau staff serving as instructors, or coordinators of the training.

Experienced VR personnel in the Bureau perform its mission and functions. Current projections call for a manning table of 169 positions in the very near future. In approving these positions, the Department has not only strengthened the quality of vocational rehabilitation services in Arizona, but has given long overdue recognition of the need for greater effectiveness and accountability of these services.

Program results since the reorganization strongly indicate that VR services have been strengthened by integration within DES. The VR program had 195 "26" closures (persons rehabilitated) for the period of July–October, 1972. During the same period for this year there had already been 317 "26" closures accounted for, an unparalleled increase of 62.6% while some agencies "cream" to achieve results of this magnitude, a breakdown of these "26" closures by disabling category substantiates that a large number of rehabilitations are occurring with the more severely disabled. See Attachment #16. Analysis of the figures points out that the deaf, amputees and orthopedically handicapped, mentally ill and mentally retarded are well represented. The presence of other difficult to rehabilitate persons with character, personality and behavioral disorders, as well as alcoholism and drug abuse problems, also clearly obviate any conclusion that effort or quality have slackened since DES was implemented on January 15, 1973. The 161 "25" closures in the mentally ill, mentally retarded, and character, personality and behavioral disorder categories are especially significant because they reflect a maintenance of VR effort with interagency programs that have long served these people during the past in Arizona. The State operated Vocational Evaluation Unit in Phoenix continues to play a strong in the overall service delivery system for these difficult cases. The Mental Health Unit in Tucson and a Work Evaluation Unit at the Arizona State Hospital contributed substantially in serving the mentally ill. The mentally retarded have been accorded special effort since 1964 in cooperative agreements with school districts for disabled high school students, especially in Tucson and Phoenix. The 29 rehabilitated persons in the behavioral disorder category were public offenders. All persons in these categories had well-documented psychological or psychiatric evaluations in the determination of eligibility. This has been strengthened even more by the addition of a State Psychological Consultant to the Bureau's staff to coordinate and assure the best possible psychological evaluations and services for handicapped persons.

State Legislative support for vocational rehabilitation services to the physically and mentally handicapped has grown significantly in the last ten years. State appropriations for VR have increased from $225,000 which matched only 1,192,603 in Federal funds, to $1,636,800 in FY 74 to match an estimated $6,800,000. See Attachment 6. Since 1971, the Arizona State Legislature has appropriated enough money to match all of the available Federal funds allocated to the State for the VR program. This support has been invaluable during a period of rapid expansion of programs, spiralling costs, and the inability to predict the amount of Federal funding.

The availability of State funds will undoubtedly be enhanced by the reorganization as services are integrated, resources are better utilized, and savings to the taxpayers are effected. There is growing recognition by the legislature and the public that there will never be enough money from state or federal sources to serve all of the handicapped in Arizona. We believe that more people will be served with the greater resources now available through DES. Thus our long-sought for goal of services to every eligible handicapped person draws closer to reality.

These facts speak for themselves. DES is a people-oriented service organization. We in the Bureau are pleased that we do not have a monopoly on concern for vocational rehabilitation services to the handicapped. This concern is evident within all levels and components of the Department. It is also reflected in growing legislative support, public enthusiasm, and incontrovertible evidence that handicapped persons are benefitting from our mutual effort.

ARIZONA STATE PLAN, NOVEMBER 15, 1973

2.3 ORGANIZATION OF THE STATE AGENCY

(*a*) The Department of Economic Security, through its Director, determines, controls, and supervises all administrative policies and standards of the various program and support units comprising the Department.

(1) The Department is organized into three major Divisions:

Administrative Services Division, under an Assistant Director, provides to all Department organizational components administrative and staff services in these areas: Contracts; research and statistics; data processing services; financial accounting; and support services of equipment control, forms and procedures design and controls, graphic arts, mail and messenger services, printing, purchasing and real estate management.

Field Services Division, under an Assistant Director, plans, organizes, directs, and coordinates the provision of all direct services through district and local field offices, and the Central Services Bureau, to clients of the Department. The state is divided into six field service districts, each headed by a District Manager who is responsible to the Assistant Director of the Division for all field services within his geographic area. The Department's six field service districts provide leadership to local offices in which the Department's services of employment, welfare, vocational rehabilitation, and other services are made available either singly at separate offices or in combination via multi-service centers. In either case the vocational rehabilitation portions of the Department's field service operation is an identifiable component and is under the supervision of Department personnel who report to the District Manager.

The immediate staff of each District Manager contains a specialist in vocational rehabilitation services who ensures that policies and practices of vocational rehabilitation within the district are consistent with Federal regulations, State law, and the State Plan; his role is to implement the vocational rehabilitation program within each district, consistent with the policies of the Bureau of Rehabilitation Services.

Vocational rehabilitation services are provided through the Field Services Division to clients of the Department who are eligible for such services, as determined by vocational rehabilitation counselors in the local offices of the Field Services Division.

Vocational rehabilitation service means a service determined by the Director to be necessary to enable a disabled person to engage in a remunerative occupation, and includes medical and vocational diagnosis, vocational guidance, counseling and placement, rehabilitation training, physical restoration, transportation, occupational licenses, customary occupational, tools and equipment, maintenance, training books and materials, follow-up, evaluation and work adjustment, and other related services as defined in the Vocational Rehabilitation Act, as amended, and in the State Plan for Vocational Rehabilitation. Expenditures for such services can only be authorized by vocational rehabilitation counselors.

Program Services Division, under an Assistant Director, provides program planning and technical assistance to all organizational elements within the Department to enable it to meet established goals in the area of manpower employability development, social services, income maintenance and vocational rehabilitation, and to administer special service programs for veterans, unemployed, aged, physically disabled, and families in need of assistance.

(2) The Bureau of Rehabilitation Services:

One of the major organizational components of the Program Services Division is the Bureau of Rehabilitation Services, the function of which is to support the efforts of the Field Services Division and its district and local offices in securing an acceptable and dignified personal, social, vocational, and community role commensurate with the abilities and interests of each eligible handicapped Arizonan.

The Bureau of Rehabilitation Services plans, coordinates, and interprets rehabilitation policy; develops programs and procedures based upon approved policy; supports the implementation of programs and procedures within the Field Services Division; upholds the integrity and quality of individual rehabilitation programs and services; maintains necessary coordination with other Bureaus within the Division and the Department to accomplish rehabilitation objectives; implements approved recommendations from the Rehabilitation Advisory Council, the Advisory Council for the Blind and Visually Impaired, the Professional Advisory Council for Rehabilitation, and such other advisory committees as may be deemed necessary; develops or obtains necessary data to approve contractual rehabilitation programs or to prepare required State and Federal reports; maintains liaison with local, state, regional, national bodies, and public and private organizations to insure the provision of meaningful and efficient rehabilitation services by the Department; provides training in vocational rehabilitation for all Field Services Division, Bureau, and other personnel engaged in rehabilitation endeavors, and provides related program evaluation, research and reference services to all such personnel.

The Bureau of Rehabilitation Services provides support to the general vocational rehabilitation client caseload through specific program services in the areas of rehabilitation facilities, Social Security Trust Fund beneficiaries, communication disorders, correctional rehabilitation, medical and psychological services coordination, and other special disability areas. Specialized rehabilitation services are provided for the blind and visually impaired, including services for vocational rehabilitation, business enterprises, sight conservation, and Talking Book Machines; the Bureau administers a blind and physically disabled industrial training facility and a disability determination program for the Social Security Administration.

The Bureau of Rehabilitation Services Chief, under the Assistant Director of the Division of Program Services, devotes full time to the administration of the vocational rehabilitation program and is responsible to the Department for all vocational rehabilitation matters and for carrying out the policies of the Department, including Federal regulations and policies set forth in this Plan. He is responsible for formulating and interpreting policy and procedures and for planning, organizing and directing program operations to be carried out by vocational rehabilitation personnel within the Bureau and within the Field Services Division.

The formal organization of programs and staff within the Bureau is still being developed. The final plans will require approval of the Department of Economic Security and the Social and the Rehabilitation Services.

(*b*) Program evaluation for vocational rehabilitation will be conducted by the Bureau of Rehabilitation Services. Coordination will be maintained with personnel involved in other evaluation studies for the Department (See Section 2.10 on Program Evaluation).

(*c*) The primary responsibility for public information and program interpretation shall be placed with the Director of the Department or his delegate.

(*d*) Vocational rehabilitation services to disabled individuals, including those rendered during extended evaluation for the determination of rehabilitation potential, and those planned with and provided to persons found eligible, are the responsibility of vocational rehabilitation counselors who operate under the supervision of district supervisors of the Department's Field Services Division. Vocational rehabilitation counselors are responsible for obtaining medical, psychological, .and other evaluation services for determining eligibility, planning rehabilitation services, authorizing the expenditure of funds for rehabilitation purposes, and for coordinating the services with all other services necessary for rehabilitating diabled persons.

(*e*) Vocational rehabilitation services during extended evaluation to determine rehabilitation potential are rendered in accordance with Section 6.1(c) and (d) and Section 10.2 of the State Plan.

(*f*) The Bureau's rehabilitation facility staff is responsible for the establishment, construction, and utilization of rehabilitation facilities. These responsibilities are described in Sections 2.7, 22, and 23 of this State Plan and in the State Rehabilitation Facilities Plan.

(*g*) The Bureau employs a State Medical Services Coordinator who is responsible for providing consultation to the Bureau and to field personnel with respect to the medical and physical restoration policies and practices of vocational rehabilitation, including the development and utilization of public and private medical facilities and medical personnel, and rates of payments for medical services. He is responsible for consultation with the district medical consultants and coordinates their objectives. He has the responsibility of maintaining liaison with the Professional Adviory Council for Rehabilitation as well as other professional groups and individuals regarding medical policies and practices relating to the vocational rehabilitation program of the Department.

The Bureau employs a State Psychological Services Coordinator who is responsible for providing statewide consultation to the Bureau and field personnel with respect to psychological services, policies, and practices in vocational rehabilitation, including the development and utilization of public and private psychological services and personnel, and rates of payment for psychological services. He is responsible for consultation with district psychological services personnel and coordinates their objectives. He has the responsibility to maintain liaison with the Professional Advisory Council for Rehabilitation as well as other groups and individuals regarding psychological policies and practices relating to the vocational rehabilitation program of the Department.

A program Services Section in the Bureau carries out special rehabilitation programs in alcoholism and drug abuse, plus other programs as designated by the Director which will enable vocational rehabilitation counselors to render better services to their clients and to ensure the orderly development of rehabilitation services and resources.

(*h*) Exploration and development of specialized rehabilitation programs will be a continuous responsibility of the Bureau. As authority is granted and as funds permit, specialists and consultants will be employed to give additional attention to special disability groups and special projects in areas where needed.

(*i*) The Disability Certification Section, under the direction of a section manager, is directly responsible to the administrator of the Bureau of Rehabilitation Services for planning, coordinating, and carrying out the OASI Disability Determination program within the terms of the agreement between the Secretary of Health, Education and Welfare and the State of Arizona and to carry out provisions of Section 221 of the Social Security Act.

(*j*) Vocational rehabilitation services will be provided to beneficiaries of the Social Security Trust Fund in accordance with the plan and policies set forth in Section 26 of this State plan.

(*k*) Specialized programs such as State agency-managed business enterprises, homebound industries, and vending stand programs are described in the separate State Plan for services to the blind and visually impaired. Should such programs become available under the regular program for vocational rehabilitation services, amendments to this plan will be submitted.

(*l*) The Department presently operates two rehabilitation facilities: Arizona Industries for the Blind, under the Bureau of Rehabilitation Services; Vocational Rehabilitation Vocational Evaluation Unit, under the Field Services Division.

(*m*) The functions of the Field Services Division of the Department have been described previously. This Division supervises district and local operations for the Department's integrated approach to delivering services.

(*n*) Research and statistics relating to the vocational rehabilitation program will be the responsibility of the Bureau of Rehabilitation Services. Planning, evaluation, and research studies of a regular or specialized nature will be conducted by the Bureau to maintain the integrity of the rehabilitation program and to meet its objectives. Coordination will be maintained with other research and statistical operations within the Department, where appropriate.

(*c*) The Department, under its Director, will coordinate the accounting, budgeting, and fiscal matters pertaining to vocational rehabilitation services (See Section 4 for further information). Authorization of the expenditure of funds for vocational rehabilitation purposes will be granted only by vocational rehabilitation personnel.

2.4 LOCAL REHABILITATION AGENCIES

Currently there are no locally administered rehabilitation agencies. Whenever the administrative policy of statewide application of this Plan is waived in accordance with Section 6.3 and Section 6.4, this section will be developed and an amendment submitted.

2.5 STATE ADMINISTRATOR AND STAFF

(*a*) The Department Director has primary responsibility for the administration of the vocational rehabilitation program. In addition to the vocational rehabilitation program, he is responsible to the Governor for the overall direction of all other programs and services of the Department. The organizational structure of the Department is such that his administration of these other programs will not interfere with the effective administration of the State Plan for Vocational Rehabilitation; to the contrary, by his direction of multiple programs and services relating to disabled and disadvantaged persons, the vocational rehabilitation program is enhanced.

(*b*) The Chief of the Bureau of Rehabilitation Services devotes full time to the vocational rehabilitation program, as does all or substantially all of the staff employed by the Department for vocational rehabilitation purposes.

2.6 MEDICAL CONSULTATION

Medical consultation will only be secured from physicians licensed to practice medicine and surgery in the State of Arizona and who are otherwise qualified through training and experience to perform effectively in the rehabilitation program.

The Department employs a State Medical Services Coordinator for the vocational rehabilitation program (See Section 2.3), medical consultants for field offices and such other medical consultants, generalists or specialists as may be required and for the amount of time needed in State and field offices to give consultation and guidance in relation to all medical aspects of the Department's vocational rehabilitation program.

General medical consultation is available on a regular basis to all vocational rehabilitation counseling staff. Such consultation is scheduled on a full-time basis in the larger offices and on a part-time basis (at least weekly) in the smaller offices.

Vocational rehabilitation counselors, under the supervision of their district supervisors, determine with their district medical consultants, the physical restoration needs of individuals who are applying for or receiving vocational rehabilitation services.

2.7 STATE AGENCY FACILITY STAFF

The Vocational Rehabilitation Facility Section is responsible for carrying out the functions of the Department pertaining to workshops and rehabilitation facilities in such areas as planning, the setting of standards for such facilities utilized in providing services to determine rehabilitation potential and services to eligible handicapped individuals, the effective utilization of existing workshops and rehabilitation facilities in the rehabilitation process, the construction and establishment of workshops and facilities, the functions of the Department in the administration of workshop improvement grants and training allowances, technical assistance, and other activities involving workshops and rehabilitation facilities.

The Rehabilitation Facilities Specialist will perform intra-agency and interagency coordination pursuant to any other act concerned with the development, establishment, or construction of rehabilitation facilities to prevent duplication of the rehabilitation effort or possible impairment of the state vocational rehabilitation program. Staff will prepare and update annually the State Rehabilitation Facilities Plan.

This is not the official state plan but a supplement which directs the staff on how they operate—It clearly shows the VR Services Bureau does not supervise and direct the VR Counselors.

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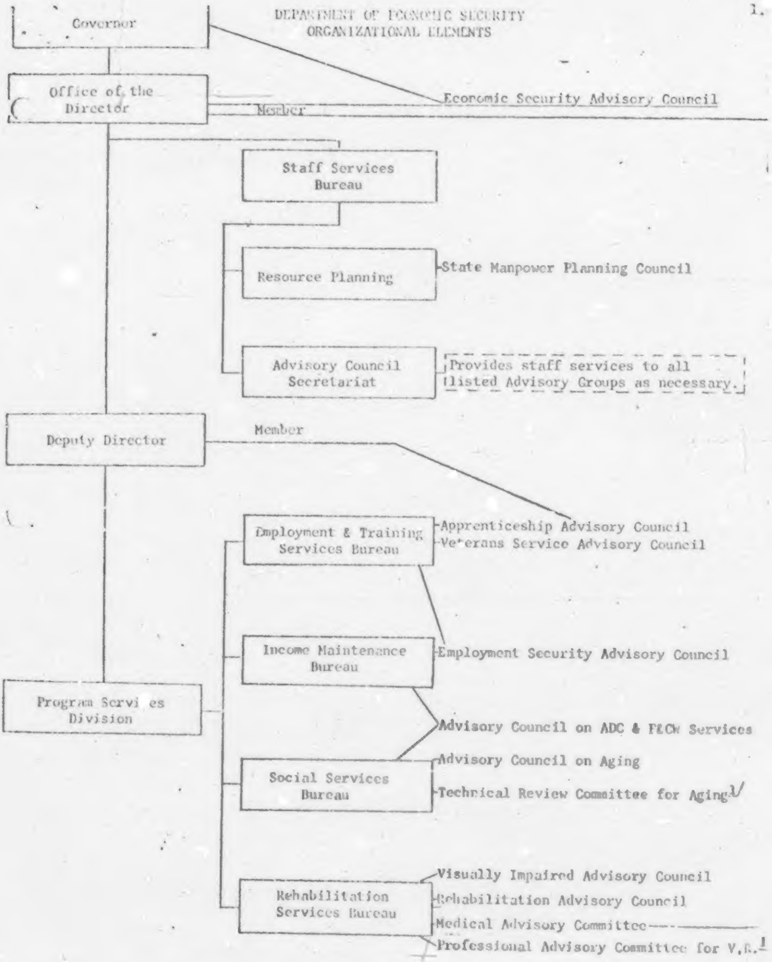
DEPARTMENT OF ECONOMIC SECURITY
ORGANIZATIONAL ELEMENTS


Governor
Office of the Director
Member
Economic Security Advisory Council
Staff Services Bureau
Resource Planning
State Manpower Planning Council
Advisory Council Secretariat
Provides staff services to all listed Advisory Groups as necessary.
Deputy Director
Member
Employment & Training Services Bureau
Apprenticeship Advisory Council
Veterans Service Advisory Council
Income Maintenance Bureau
Employment Security Advisory Council
Program Services Division
Advisory Council on ADC & F&CW Services
Social Services Bureau
Advisory Council on Aging
Technical Review Committee for Aging1/
Rehabilitation Services Bureau
Visually Impaired Advisory Council
Rehabilitation Advisory Council
Medical Advisory Committee
Professional Advisory Committee for V.R.1/

1/ Ongoing but not required.

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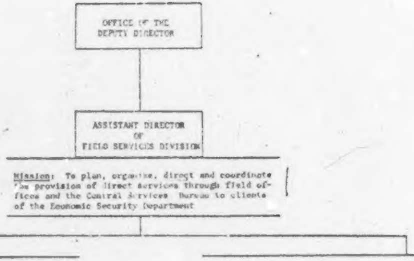
DEPARTMENT OF ECONOMIC SECURITY
Field Services Di   a
Functional Chart   .he six (6)
District Offices and the
Central Services Bureau

DEPARTMENT OF ECONOMIC SECURITY
Field Services Division
Functional Charts for the six (6)
District Offices and the
Central Services Bureau



OFFICE OF THE
DEPUTY DIRECTOR

ASSISTANT DIRECTOR
OF
FIELD SERVICES DIVISION

Mission: To plan, organize, direct and coordinate the provision of direct services through field offices and the Central Services Bureau to clients of the Economic Security Department

DISTRICT OFFICES(6) - FIELD SERVICES DIVISION

Mission: To plan, organize, direct and coordinate the provision of direct services through field offices to clients of the Economic Security Department.

Functions:

-Establishes, staffs, organizes and manages district and local offices.
-Coordinates division activities between Central Services Bureau, district offices and local offices.
-Acts as department liaison and representative with local communities and their elected officials.
-Implements a continuous staff training program to assure that the entire spectrum of Department service is available at each field office.
-Operates an Employment Service program which includes job information, testing, counseling, job referral and manpower training referrals for job seekers; and order taking, applicant selection and recruitment, and technical assistance for employers.
-Operates an Unemployment Insurance benefit and Training Allowance program; determines eligibility of unemployed workers and amount of entitlement.
-Operates the following programs of income maintenance for eligible field office clients; Old Age Assistance; Aid to the Blind; Aid for Dependent Children; Aid to the Permanently and Totally Disabled; General Assistance; Tuberculosis Control; Emergency Relief and Food Stamps.
-Operates a Work Incentive Program in Maricopa and Pima Counties for ADC clients, providing employment, social and rehabilitation services as required.
-Operates a Vocational Rehabilitation program for eligible clients; determines eligibility and provides counseling services; vocational evaluation; income maintenance and educational expenses while in vocational training and employment assistance.
-Provides a program of social services which includes the following: foster care; comprehensive medical, dental and psychiatric care for foster children; family services such as family planning, use of homemakers or home management aides; day care; adoption; protective services for children in danger of neglect, abuse or dependency; and licensing and certification of child care institutions, child placing agencies and agency foster homes at the local level.
-Contacts and assists veterans or their dependents who are eligible in the preparation of claims for VA benefits.
-Provides technical assistance to each local Council of Governments in the development of its area manpower plan.

CENTRAL SERVICES BUREAU 1/

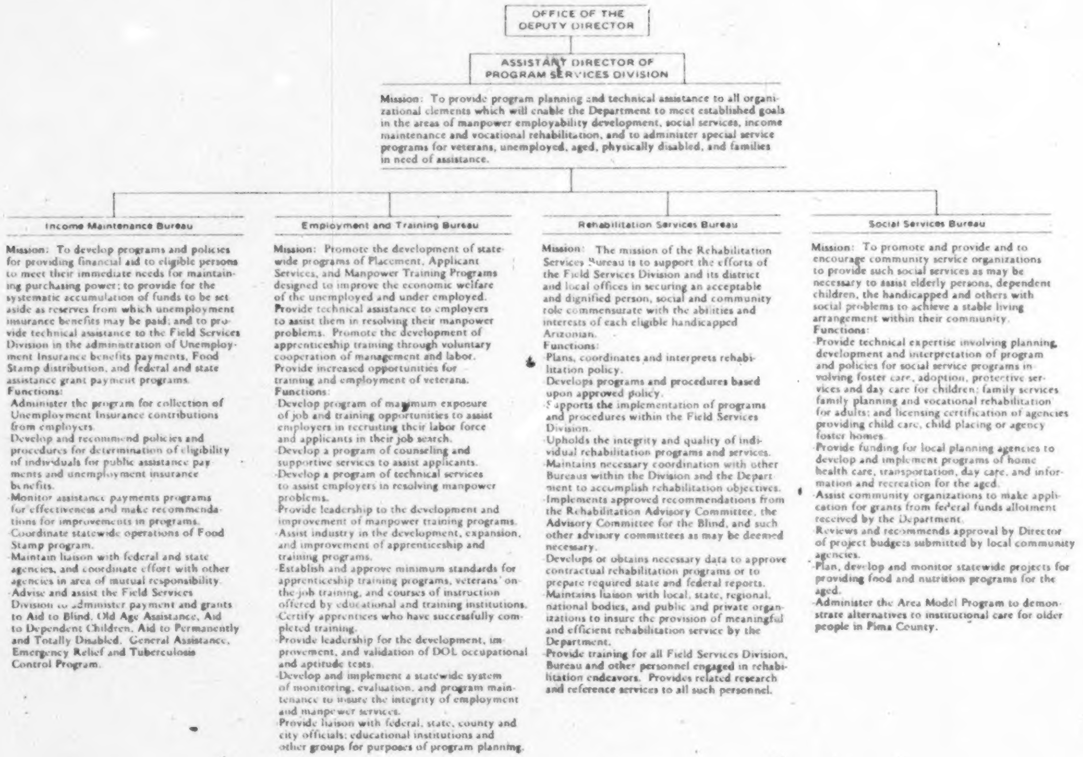
Mission: To assist Field Services Division field offices in the completion of direct services to their clients and to provide Department of Economic Security clients with those services more efficiently rendered from a location other than the field offices.

Functions:

-Operates a statewide Employment Service program for ex-offenders including the provision of counseling, manpower information, manpower training, job development, job placement and follow-up for eligible clients.
-Operates a statewide and interstate Job Bank service which includes the following centralized functions: order taking; automated applicant file maintenance; referral of applicants to jobs; referral control; verification of referral results with employers by telephone; and daily distribution of job listings and related reports to field offices.
-Reviews assistance payment cases for medical disability and employability and processes likely candidates for vocational rehabilitation.
-Receives and accounts for cash and food stamps; mails food stamps and authorization to purchase forms to clients.
-Administers the Supplemental Medical Insurance Benefit Buy-in program of assistance to the aged.
-Reviews claims for VA benefits prepared by Veterans Service field representatives on behalf of veterans or their dependents; appears before VA claims adjudicators and represents veterans in hearing processes.
-Acts as guardian and administers the estate of insane or incompetent veterans and the minor children of veterans.
-Administers a central Unemployment Insurance benefits operation for processing interstate claims; overpayments; claims submitted during labor disputes; manpower training allowances; and the preparation of all benefit claims for data processing.

1/ Refer to narrative description on page 1.74.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY - PROGRAM SERVICES DIVISION
FUNCTIONAL CHARTS FOR THE BUREAUS OF:
INCOME MAINTENANCE, REHABILITATION SERVICES, AND EMPLOYMENT & TRAINING SERVICES



OFFICE OF THE DEPUTY DIRECTOR

ASSISTANT DIRECTOR OF PROGRAM SERVICES DIVISION

Mission: To provide program planning and technical assistance to all organizational elements which will enable the Department to meet established goals in the areas of manpower employability development, social services, income maintenance and vocational rehabilitation, and to administer special service programs for veterans, unemployed, aged, physically disabled, and families in need of assistance.

Income Maintenance Bureau

Mission: To develop programs and policies for providing financial aid to eligible persons to meet their immediate needs for maintaining purchasing power; to provide for the systematic accumulation of funds to be set aside as reserves from which unemployment insurance benefits may be paid; and to provide technical assistance to the Field Services Division in the administration of Unemployment Insurance benefits payments, Food Stamp distribution, and federal and state assistance grant payment programs.

Functions:

-Administer the program for collection of Unemployment Insurance contributions from employers.

-Develop and recommend policies and procedures for determination of eligibility of individuals for public assistance payments and unemployment insurance benefits.

-Monitor assistance payments programs for effectiveness and make recommendations for improvements in programs.

-Coordinate statewide operations of Food Stamp program.

-Maintain liaison with federal and state agencies, and coordinate effort with other agencies in area of mutual responsibility.

-Advise and assist the Field Services Division to administer payment and grants to Aid to Blind, Old Age Assistance, Aid to Dependent Children, Aid to Permanently and Totally Disabled, General Assistance, Emergency Relief and Tuberculosis Control Program.

Employment and Training Bureau

Mission: Promote the development of statewide programs of Placement, Applicant Services, and Manpower Training Programs designed to improve the economic welfare of the unemployed and under employed. Provide technical assistance to employers to assist them in resolving their manpower problems. Promote the development of apprenticeship training through voluntary cooperation of management and labor. Provide increased opportunities for training and employment of veterans.

Functions:

-Develop program of maximum exposure of job and training opportunities to assist employers in recruiting their labor force and applicants in their job search.

-Develop a program of counseling and supportive services to assist applicants.

-Develop a program of technical services to assist employers in resolving manpower problems.

-Provide leadership to the development and improvement of manpower training programs.

-Assist industry in the development, expansion, and improvement of apprenticeship and training programs.

-Establish and approve minimum standards for apprenticeship training programs, veterans' on-the-job training, and courses of instruction offered by educational and training institutions.

-Certify apprentices who have successfully completed training.

-Provide leadership for the development, improvement, and validation of DOL occupational and aptitude tests.

-Develop and implement a statewide system of monitoring, evaluation, and program maintenance to insure the integrity of employment and manpower services.

-Provide liaison with federal, state, county and city officials; educational institutions and other groups for purposes of program planning.

Rehabilitation Services Bureau

Mission: The mission of the Rehabilitation Services Bureau is to support the efforts of the Field Services Division and its district and local offices in securing an acceptable and dignified person, social and community role commensurate with the abilities and interests of each eligible handicapped Arizonian.

Functions:

-Plans, coordinates and interprets rehabilitation policy.

-Develops programs and procedures based upon approved policy.

-Supports the implementation of programs and procedures within the Field Services Division.

-Upholds the integrity and quality of individual rehabilitation programs and services.

-Maintains necessary coordination with other Bureaus within the Division and the Department to accomplish rehabilitation objectives.

-Implements approved recommendations from the Rehabilitation Advisory Committee, the Advisory Committee for the Blind, and such other advisory committees as may be deemed necessary.

-Develops or obtains necessary data to approve contractual rehabilitation programs or to prepare required state and federal reports.

-Maintains liaison with local, state, regional, national bodies, and public and private organizations to insure the provision of meaningful and efficient rehabilitation service by the Department.

-Provide training for all Field Services Division, Bureau and other personnel engaged in rehabilitation endeavors. Provides related research and reference services to all such personnel.

Social Services Bureau

Mission: To promote and provide and to encourage community service organizations to provide such social services as may be necessary to assist elderly persons, dependent children, the handicapped and others with social problems to achieve a stable living arrangement within their community.

Functions:

-Provide technical expertise involving planning, development and interpretation of program and policies for social service programs involving foster care, adoption, protective services and day care for children; family services family planning and vocational rehabilitation for adults; and licensing certification of agencies providing child care, child placing or agency foster homes.

-Provide funding for local planning agencies to develop and implement programs of home health care, transportation, day care, and information and recreation for the aged.

-Assist community organizations to make application for grants from federal funds allotment received by the Department.

-Reviews and recommends approval by Director of project budgets submitted by local community agencies.

-Plan, develop and monitor statewide projects for providing food and nutrition programs for the aged.

-Administer the Area Model Program to demonstrate alternatives to institutional care for older people in Pima County.

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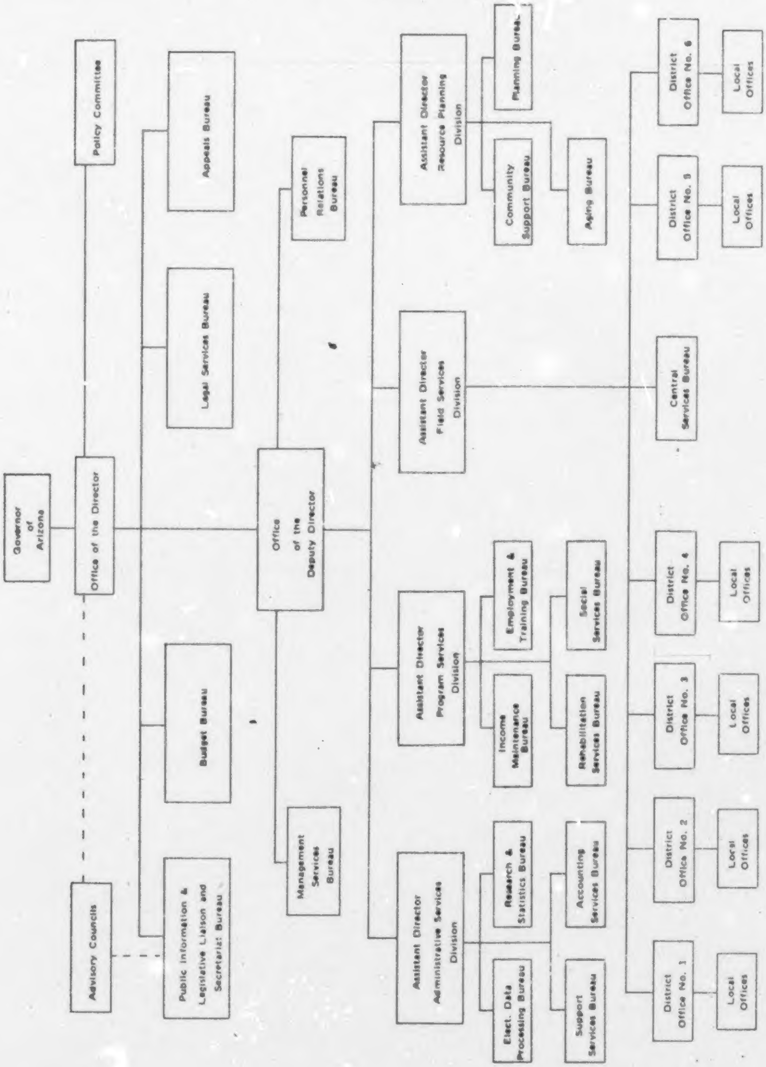
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
ORGANIZATIONAL CHART


Governor of Arizona
Office of the Director
Policy Committee
Advisory Councils
Appeals Bureau
Legal Services Bureau
Budget Bureau
Public Information & Legislative Liaison and Secretariat Bureau
Office of the Deputy Director
Personnel Relations Bureau
Management Services Bureau
Assistant Director Resource Planning Division
Planning Bureau
Community Support Bureau
Aging Bureau
Assistant Director Field Services Division
Central Services Bureau
Assistant Director Program Services Division
Employment & Training Bureau
Social Services Bureau
Income Maintenance Bureau
Rehabilitation Services Bureau
Assistant Director Administrative Services Division
Research & Statistics Bureau
Accounting Services Bureau
Elect. Data Processing Bureau
Support Services Bureau
District Office No. 6
Local Offices
District Office No. 5
Local Offices
District Office No. 4
Local Offices
District Office No. 3
Local Offices
District Office No. 2
Local Offices
District Office No. 1
Local Offices

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
REHABILITATION SERVICES ADMINISTRATION,
August 20, 1973.

To: All Associate Regional Commissioners for Rehabilitation Services.
From: Assistant Commissioner, Program Management.
Subject: Information Regarding the VR Organizational Unit Requirements of the Vocational Rehabilitation Act and Regulations

Frequently, situations arise in one State which are similar to those under consideration in others. For this reason, we believe it would be beneficial to share pertinent information regarding some of these individual State considerations.

We are pleased to transmit the attached material concerning the vocational rehabilitation organizational unit requirement for your information and reference.

FREDERICK SACHS.

Attachment.

HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
REHBILITATION SERVICES ADMINISTRATION,
Washington, D.C., Octover 6, 1967.

To: Regional Assistant Commissioners, RSA.
From: Joseph Hunt, Commissioner.
Subject: Organizational level of sole State vocational rehabilitation agencies and operational units.

In determining whether or not the location of the organizational unit conforms with Section 401.6 of the Regulations, the following should be considered:

1. The organizational scheme of the designated agency should show the organizational unit at a place where it is not so submerged as to be ineffective in the day-to-day operation of the program.
2. The factors listed in Section 401.6(c) of the Regulations, e.g., directness of reporting, the kind and degree of authority delegated for the administration of the vocational rehabilitation program, etc., should be given sufficient attention and consideration so that one can in fact determine whether or not the organizational unit is at the proper level for effective day-to-day operation of the program.
3. In comparing the location of the organizational unit with that of other major organizational units within the designated agency, it is important to note that comparison is with other units administering major programs such as public assistance and mental health rather than with units set up for administrative purposes only.

We hope that their statement of policy will enable you to move promptly on the negotiations for acceptable State Plan Sections 2.

ISSUE NOT THE SOLE AGENCY, BUT RATHER THE VR UNIT

The requirement of designation of a sole State agency to administer the State's VR program is in Section 5(a)(1) of the VR Act. This requirement raised no issue in Washington State, because the designation of the State Department of Social and Health Services met the requirement of the third of the three alternatives of designation permissible under the VR Act. Nor do we see any problem arising in Georgia with respect to designation of the Department of Human Resources.

When the State designates an agency that is not one primarily concerned with vocational rehabilitation or vocational and other rehabilitation, but is an educational agency or a multiprogram agency including at least two other major programs in health, welfare, labor or education, then there are statutory requirements for a VR unit within the designated agency. These requirements are in Section 5(a)(2) of the VR Act, which provides:

> "SEC. 5(a) To be approvable under this Act, a State plan for vocational rehabilitation services shall—
>
> * * * * * * *
>
> "(2) provide, except in the case of agencies described in paragraph (1)(B)(i)[1]—
>
> (A) that the State agency designated pursuant to paragraph (1) (or each State agency if two are so designated) shall include a vocational rehabili-

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[1] Agencies primarily concerned with vocational rehabilitation or vocational and other rehabilitation.

tation bureau, division, or other organizational unit which (i) is primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of disabled individuals, and is responsible for the vocational rehabilitation program of such State agency, (ii) has a full-time director, and (iii) has a staff employed on such rehabilitation work of such organizational unit all or substantially all of whom are employed full time on such work; and

(B)(i) that such unit shall be located at an organizational level and shall have an organizational status within such State agency comparable to that of other major organizational units of such agency, or (ii) in the case of an agency described in paragraph (1)(B)(ii), either that such unit shall be so located and have such status, or that the director of such unit shall be the executive officer of such State agency; except that, in the case of a State which has designated only one State agency pursuant to paragraph (1), such State may, if it so desires, assign responsibility for the part of the plan under which vocational rehabilitation services are provided for the blind to one organizational unit of such agency and assign responsibility or the rest of the plan to another organization unit of such agency, with the provisions of this paragraph (2) applying separately to each of such units."

Use of VR Funds To Support Use of "Field Generalists" and Human Service Teams

The use of field generalists would not be approvable for the VR program because it cannot be reconciled with the requirement in section 5(a)(2) of the VR Act, quoted above, that the VR unit have a staff, all or substantially all of whom are employed full time on vocational rehabilitation work.

It would also invite Federal audit exceptions unless there were effective measures used to preserve accountability for Federal VR funds. This is because section 2(b) of the VR Act describes the basic support grant as "the Federal share . . . . of the cost of vocational rehabilitation services under the plan for such State approved under Section 5, including expenditures for the administration of the State plan. . . .". "Vocational rehabilitation services" are defined in detail in Section 11(a) of the VR Act.

Waiver Under the Intergovernmental Cooperation Act Not a Solution for VR Unit Issues

It is our understanding that Section 204 of the Intergovernmental Cooperation Act permits a waiver of the sole State agency requirement only and is not relevant to the requirements in the VR Act with respect to the VR unit. This was the interpretation when similar questions arose in California in 1970 and in Washington State in 1971.

For example, when California's request in 1970 for a waiver of the sole State agency requirement was under negotiation, an alternative solution proposed was that the Human Relations Agency be designated sole State agency for the vocational rehabilitation, public health, and welfare programs instead of HRA's departments in these fields and that then the alcoholic rehabilitation program could be transferred from the Department of Rehabilitation to the Department of Public Health without the need for a waiver. This alternative was rejected on the advice of both RSA and CGC because of the requirements in the VR Act regarding the VR unit. The waiver under the Intergovernmental Cooperation Act was considered irrelevant to the VR unit requirement.

January 8, 1973.

Associate Regional Commissioner, RS,
Region IX, San Francisco.
Director, Division of Planning and Management Assistance,
(Attention of Mr. Dirk Schurrman).

Puerto Rico—"Department of Social Services State Plan for Vocational Rehabilitation"

1. This is in response to your telephone request of January 3, 1973, for an example of an approved State plan of a State vocational rehabilitation program that is located within a multi-purpose agency.

2. Attached are copies from Puerto Rico of (1) Section 2, "Administrative Organization" of their Department of Social Services State Plan for Vocational Rehabilitation; (2) the Department of Social Services Organization chart; and (3) a digest of the more pertinent sections of their State plan as it relates to the vocational rehabilitation organizational unit requirement.

3. You will note that the Puerto Rico State plan shows that the Department of Social Services is the designated sole State agency and that the Department through its Executive Officer (Secretary) determines, controls and supervises all administrative policies and standards of the various program and support units comprising the Department. The Department's organizational structure further provides for the consolidation of various support functions, such as medical consultation, fiscal administration, personnel administration, program planning, evaluation, research, staff development and legal services. The State plan stipulates, however, that all decisions affecting eligibility for vocational rehabilitation services will be by the Department through its organizational unit, the Office of the Assistant Secretary for Vocational Rehabilitation.

4. The Department's service programs, which include, among others, public welfare as well as vocational rehabilitation, are carried out through regional offices. Each of these regional offices is headed by a Regional Director, who is responsible to the Secretary of the Department for support services to regional program staff, program coordination, and administrative functions. Each Regional Director, however, is assisted by an Associate Regional Director for Vocational Rehabilitation, who is responsible to the Assistant Secretary for Vocational Rehabilitation for "all professional and technical activities", which include supervision of vocational rehabilitation field counselors. This organizational structure clearly provides that the vocational rehabilitation organization unit (Office of the Assistant Secretary for Vocational Rehabilitation Services) is totally responsible for the Department's vocational rehabilitation program.

5. To have a vocational rehabilitation program of sufficient scope and sufficient authority for decision and action, the vocational rehabilitation organizational unit requirement has always been interpreted to mean that whenever the designated State agency is not an independent vocational rehabilitation agency reporting directly to the Governor, the State plan must provide for a vocational rehabilitation organizational unit of the designated State agency with full responsibility for program operations. This responsibility includes decisions affecting eligibility for the scope of vocational rehabilitation services and the supervision, at all levels, of full-time staff to ensure the provision of all necessary vocational rehabilitation services available under the State plan.

6. The various elements of program structure of the Puerto Rico Department of Social Services as shown in the State plan for vocational rehabilitation, we believe, provide an example of a State vocational rehabilitation program within a multi-program agency which not only remains consistent with the requirements of the VR Act, but which is also responsive to the integrated service delivery concept.

MIRIAM M. STUBBS.

Department of Social Services State Plan for Vocational Rehabilitation—Commonwealth of Puerto Rico

(APPROVED BY THE REGIONAL OFFICE UNDER DATE OF NOVEMBER 19, 1970)

DESIGNATION OF STATE AGENCY

The Department of Social Services is the State agency administering programs directed toward the mitigation of social problems of Puerto Rico.

The Department of Social Services is the sole State agency designated to administer vocational rehabilitation and other described programs through its organizational units. The Department of Social Services includes vocational rehabilitation and other major organization service units as follows: Public Welfare and Social Treatment Centers.

RESPONSIBILITY FOR ADMINISTRATION

All decisions affecting eligibility for vocational rehabilitation services including the acceptability for extended evaluation for the determination of rehabilitation potential, and the nature and scope of vocational rehabilitation services to be provided, *will be made by the Department through its vocational rehabilitation unit.* This responsibility will not be delegated to any other agency or individual.

III. ORGANIZATION OF STATE AGENCY

The Department through its Executive Officer determines, controls and supervises all administrative polices and standards of the various programs and support units comprising the Department. Major units of the Department in addition to Vocational Rehabilitation are: Family Services and Social Treatment Centers.

The Department's organizational structure provides for the consolidation of various support functions which include: medical consultation, fiscal administration, personnel administration program planning, evaluation, research, staff development and legal services.

REGIONAL OR DISTRICT OFFICES

A. The Department's service program of Vocational Rehabilitation and Public Welfare are carried out through regional offices geographically dispersed throughout the Commonwealth. Additional subdistrict or branch offices have been established according to population and needs.

B. Each Regional Office is headed by a Regional Director responsible to the Secretary for the provision of support services to regional program staff, program coordination, administrative functions, and community relations. *The Regional Director is assisted by an Associate Regional Director for Vocational Rehabilitation who is responsible to the Assistant Secretary for Vocational Rehabilitation* for all professional and technical aspect of program development, management and operation. *The Associate Regional Director for Vocational Rehabilitation also supervises Regional Coordinators and vocational rehabilitation counselors in his assigned area* in carrying out the purposes of the State plan in respect to eligibility, case study and diagnosis rehabilitation plan for the individual, determining economic need, case recording, authorization of services to individuals.

V. VOCATIONAL REHABILITATION ORGANIZATIONAL UNIT

A. The vocational rehabilitation organizational unit is primarily concerned with vocational rehabilitation of disabled persons and is responsible for the administration of the Department's vocational rehabilitation program, which includes the determination of eligibility for and provisions of services under the State plan.

B. The Assistant Secretary for Vocational Rehabilitation will be full-time and responsible to the Secretary for the overall operation of the vocational rehabilitation program. He will be responsible for the planning, supervision, and evaluation of the vocational rehabilitation program. This includes: advice in recruitment, selection and promotion of rehabilitation personnel. The Secretary, in his capacity as Executive Director, will have the final selection authority. As a member of the Secretary's executive staff, the *Assistant Secretary for Vocational Rehabilitation will provide leadership and assistance in developing program coordination and plans for the concerted delivery of Departmental services to disabled persons* residing within the Commonwealth.

Arizona—Meeting of RSA's Program Management Staff With Mr. Charles Fearn, Chief, Staff Services, Arizona Department of Economic Security on May 10, 1973

June 22, 1973.

Assistant Administrator,
Research and Demonstration, SRS–ORD,
(Attention of Acting Assistant Commissioner, Program Management).

1. We, as well as Regional Office staff assigned to VR functions, have been concerned with the report on the above meeting that was included in the letter of May 25, 1973 to Dr. Lyle Spencer, Office of the Assistant Secretary for Planning and Evaluation, DHEW, from Mr. William J. Mayo, Director, Arizona Department of Economic Security. I refer particularly to that part of the letter beginning on page 3 under the topic "Rehabilitation Services Program."

2. The reason for this concern on the part of VR staff in the Regional and Central offices is that Mr. Mayo's report on Mr. Fearn's May 10 meeting with my staff and me represents only points which the Arizona Department of Economic Security wishes to make. It reflects none of the points or suggestions that we made to Mr. Fearn.

3. For your information and for the record, I am sending herewith copies of (1) my memorandum of May 11, 1973 to the Regional Commissioner, SRS, in San Francisco, which summarizes the points we stressed with Mr. Fearn on May 10 and (2) Mr. Reedy's memorandum of May 16, 1973 to you on the Arizona DES's allied services demonstration project application. You have undoubtedly the original of the second memorandum, but the two memoranda together well represent our viewpoints.

4. Since we have been told that Mr. Mayo's letter has been given wide circulation within Arizona, I thought we should inform you. For the same reason, we are sending copies of this memorandum and attachments to Dr. Lyle Spencer.

Miriam M. Stubbs.

House Report to H.R. 8310, Vocational Rehabilitation Act Amendments of 1965 (May 28, 1965—Report No. 432), 89th Congress—1st Session

ADDITIONAL AMENDMENTS

Establishment of a National Commission on Architectural Barriers to Rehabilitation of the Handicapped.—Because of the concerted efforts of numerous public and voluntary groups, there has been a substantial reduction in architectural barriers to the free use of buildings by seriously handicapped people. However, the vast majority of buildings still are not accessible to handicapped men and women, and many new buildings are being designed without regard to whether they are accessible or useable by the handicapped. The establishment of a National Commission on Architectural Barriers to Rehabilitation of the Handicapped for a period of 3 years will provide coordinated, concentrated, and high-level attention to these important questions with a view to bringing the problem under control in the very near future.

Flexibility in State administration.—Present law provides that a State vocational rehabilitation agency may be located, within State government, either under the State board of vocational education or as a separate agency or commission. Earlier proposals were designed to broaden the choice to also permit location in a major department of health, welfare, or labor, or combinations of these. It was the committee's desire to permit more flexibility with respect to the organization within the State for the administration of the rehabilitation program, but at the same time the committee did not wish to create a situation where the program and administering body would lose its identity. It is therefore proposed that in addition to the existing choice of locations, the State be permitted to locate the administration of the State vocational rehabilitation agency in a State agency which includes at least two other major organizational units, each of which administers one or more of the major public education, public health, public welfare, or labor programs. Provision is made for maintaining the organizational and operating identity and effectiveness of the vocational rehabilitation agency. The committee wishes to emphasize that its intention with respect to this provision is to merely provide the States with a wider choice in organizing administration of the program, and not to require or encourage any changes.

Mr. Quie, do you have any questions before I go on?

Mr. QUIE. Yes, I have questions.

There are a couple of questions. I would like to go back to the proposals you are going to make to Congress to delegate responsibilities of the Commissioner to others. My real concern, however, now comes from that regional office and the law indicates in 90 days the old law will no longer be in effect, and the new one will be in effect, and you are going to get some new interim regulations out.

Under the old law some of the functions of the Commissioner had already been delegated to individuals who are not responsible to the Commissioner.

Mr. DWIGHT. That is correct.

Mr. QUIE. As I read section 3–A, it says that:

> The Secretary shall not approve any delegation of the function of the Commissioner to any other officer not directly responsible to the Commissioner unless the Secretary submits to the planned delegation to the Congress.

In order that there be continuity of the program under section 500 it says that:

> Approved State plans for regional rehabilitation approved projects and contractual arrangements authorized under the Vocational Rehabilitation Act will be recognized under comparable provisions of this act so there is no disruption of ongoing activities for which there is continuing authority.

Now there is no provision for continuation of this program in the regional offices where these individuals have had their functions delegated to someone else. Is it your intention to change that until your new regulations come out and the Congress has favorably reacted to it so that, in effect, in this interim time between about the end of December, about Christmastime and the time you get your new regulations into effect where you have gone through this 60-day period with the Congress, that those individuals in the regional office will have been directly responsible to the Commissioner of RSA rather than to the regional commissioner?

Mr. DWIGHT. Yes, Mr. Quie. Let me state it a little differently, this I think will answer your question. The delegations that presently flow from the RSA Commissioner to the regions or any delegations involving the rehabilitation program which flow to the regional offices will be suspended with the termination of the old law. Under the terms of the new law, the only way to delegate would be to delegate the Commissioner's authority from the Commissioner to people who are immediately responsible to the Commissioner.

Now how we are going to handle that is something we have not resolved yet. We are trying to identify the best options so there will be minimum disruption in the orderly course of administering the vocational rehabilitation program with various States.

We have not made a determination as to how we handle it on a short-term base, for example, after December 24, nor have we determined what we will submit to the Congress if we are going to submit anything to the Congress, because no decision has been made as to how we will handle the problem in the future. I think we are well aware of the provisions in the law.

Mr. QUIE. You are aware of the provisions of the law and your option is not to present anything to the Congress, then the delegation that has existed in the regional office will not be permitted, to say nothing of your plans to further delegate or reduce the strength or power of the man in the regional office responsible for vocational rehabilitation?

Mr. Dwight. Well, the latter point has to do with our efforts to look at how a region is structured. We are just in the stage of testing some hypotheses in that regard.

Mr. Quie. I recognize that has not been formalized so, if that is clear, then I can be assured that I don't have to worry about it until that formal plan is submitted up here to Congress and then we will take a look at it. I am glad you reacted that way.

The other thing is that there is considerable consternation about the change that has occurred down there in rehabilitation research and training. I would have heard from my own State of Minnesota because the Department of Physical Medicine of the medical school at the University is nationally known. The Congress made its desires very clear in the law when we passed the Vocational Rehabilitation Act.

However, if the Appropriations Committee and the Congress subsequently had decided not to appropriate the money you would have not been obligated to follow the law. However, as I mentioned earlier, it appears now that the Appropriations Committee in the House has reported out a supplemental appropriation bill which would fund research and training at the level it was in 1972 and I have no doubt but what that will be enacted by the Congress.

Now, supposing that either the President signs the bill or does not sign it and his veto is overridden so it becomes law. Would it be the intention then to expend that money which was appropriated for research and training, meaning the Congress did not agree with the plans of the administration on reducing the money for trainee programs in rehabilitation?

Mr. Dwight. I believe you have me at a disadvantage. I don't believe it would be appropriate for me to speculate as to what the administration intends to do with regard to additional funds appropriated by the Congress. Obviously, I will be consulted for recommendations but the decision won't be mine to make.

Mr. Quie. When you are consulted for recommendations, would you be willing to tell us your feeling on the matter?

Mr. Dwight. I am afraid I will have to waffle on that a little bit, too. I happen to feel the policy on the training side, not the research side, but the training one is a sound one. I would like to see it work.

Mr. Quie. Why do you say it is a sound one? That seems to me that the Federal Government should not fund the stipends at issue?

Mr. Dwight. I believe the more effective way of funding is directly to individual students, not to institutions.

Mr. Quie. Where will the students receive those funds?

Mr. Dwight. From the education appropriations.

Mr. Quie. The education appropriations leave the same amount, what is now called SEOG, work study and so on. We had that before but the number of institutions that can avail themselves of that fund have increased. Congress has not funded BOG at the level the administration wanted, at least the gentleman from Indiana and I want it.

We found it necessary to limit the BOG's to the first year students. So that is of no benefit then to those going into traineeships nor is there an adequate amount of money for that. Now if you terminate the stipends for traineeships under this program, I could understand it if you had a fullblown program of sufficient funds of another source to be made available for that purpose, but you don't have it now. I don't know when we will have it unless the administration should recommend another $600 million for BOG's, which would be one way of doing it.

What do we do in the interim then, in providing the assistance so that individuals become trained for vocational rehabilitation? If you have a gap of some years without individuals trained, that is a gap that is not picked up unless you go into an expensive crash program later.

Mr. Dwight. I share that concern, and that is the reason one of the early problems I identified with Mr. Reedy was the fact that 1974 was not going to be a year where this policy would be fully implementable. As a consequence we have revised our policies. The gentleman from Texas who spoke about training earlier indicated that all institutional recipients of training support had been so advised and returned phaseout grants.

Very recently we have gone back to many of those institutions and indicated to them an examination of the operation of the education programs indicates shortages and we have provided funds to fill in those shortages.

So I share your concern as to the speed with which that policy which I enunciated earlier can be implemented. I think we have taken corrective steps so we are providing fill-in money, if you will, and we are providing this directly to institutions.

Mr. Quie. Let me make certain we are talking of the same thing. I was going to get to your question of the phaseout of funding of teaching staff in the institutions. Are you talking of stipends for traineeships or are you talking about the funding of the teaching staff in the institution?

Mr. Dwight. I am talking of the institutional support, not the stipends.

Mr. Quie. What about the stipends, that is what I have been on all the time, the fact they won't be available because the others perhaps were not increased to make them available?

Mr. Dwight. The fact is the stipend is a wage; it is a source of a person's livelihood while they are getting training. It seems that is more appropriately the responsibility of a person's employer.

Mr. Quie. We are talking of persons that are not undergraduates, they are at a graduate level. That stipend is to give the person enough money to live during the period of time, not just the payment of books, tuition, and fees and so forth. It seems that is a problem those students face.

Because of the shortness of time, let us go to the question of the staff in the institutions. Now you say that you have a change of policy and rather than phase them out at the rate you were going to, you will put additional money into keeping them going. Why didn't you do that in the first place? It seems if you wanted the schools to have the money, not to fund students their stipend, you should have at least funded the teaching personnel, as you have in the past.

Mr. Dwight. I think the implications of the policy is that the instructional cost should be recovered through a fee mechanism. The fee mechanism is what is being paid for through the Office of Education.

Mr. QUIE. When you say a fee mechanism you mean a fee to the students?

Mr. DWIGHT. Yes.

Mr. QUIE. If the assistance to the student is reduced, they are less able to recover it in a fee.

Mr. DWIGHT. And that is one of the reasons we felt additional funds were needed to be made available because there wasn't enough money in the grants and loans to students to support the necessary fees to sustain rehabilitation training, which we feel should be sustained.

Mr. QUIE. Then, second, no educational institution operates entirely on the acquisition of fees in order to pay. The money has to come from elsewhere. Public institutions are the ones training vocational rehabilitation people.

Mr. DWIGHT. We are talking not just about educational institutions, but any institution which provides vocational training, whether it be rehabilitation as a vocation or any other.

Mr. QUIE. In any one of them, the education components are never fully paid for in fees, whether it is a private non-profit organization or a public institution. That is why it seems to me that the most objectionable part of your new proposal is the loss of funds for the training programs.

Mr. BRADEMAS. I would suggest we take a 10-minute recess and go vote.

Mr. DWIGHT. Mr. Chairman, I think I have a 2-o'clock appointment I must meet.

Mr. BRADEMAS. If we got back in 10 minutes could we have another 15 minutes?

Mr. DWIGHT. Certainly, but I have about a half hour between 2 and 2:30.

Mr. BRADEMAS. We will come back in 10 minutes and continue.

[A brief recess was taken.]

Mr. BRADEMAS. At the outset, as we have but a few minutes left, the Chair would like to state that we would like, Mr. Dwight, because we do have other questions for you and your associates, to schedule another day on Monday, December 10, if that is possible. Before putting a couple of other questions in the time allotted, I would be grateful if you could supply to the committee a chart following some of the questions Mr. Quie was putting to you showing the lines of authority in organizations at the SRS and regional levels. Is that possible?

Mr. DWIGHT. Yes.

[Material referred to appears in the appendix.]

Mr. BRADEMAS. Mr. Dwight, if you could do that at the next hearing, then if any members have any questions they would like to put to you about the organization, that would be very convenient.

How much are you requesting for rehabilitation facilities this year?

Mr. DWIGHT. Construction of facilities?

Mr. BRADEMAS. Yes.

Mr. DWIGHT. I do not believe that there is a direct request for that. Corbett, correct me if I am mistaken. I believe there is an authorization up to 10 percent of the State grants that can be used for those purposes. It would depend on the discretion exercised at the State level.

Mr. **Brademas.** I am not referring to the State grants but the other. Can you comment on that, Mr. Reedy?

Mr. **Reedy.** I believe there is a $4½-million improvement grant and $½ million for initial staffing of rehabilitation facilities.

Mr. **Brademas.** That is what I am talking about; $½ million is the initial staffing?

Mr. **Reedy.** Yes.

Mr. **Brademas.** Thank you.

Mr. Dwight, let me turn now to a matter that I have had some correspondence on, it is rather sensitive but I guess that is why we are in business here. According to a release, an Associated Press release by John Stoll, concerning the remodeling of your offices, it has been reported that the cost runs between $120,000 and $250,000 and we have had other estimates given to the committee that it has run as high as $500,000. Now given the fact that programs are being cut back in SRS, one of my questions would be how you justify this expenditure of money and the second question touches upon another item in that same news release which quoted a Gary Grant, your confidential assistant, saying, "Because there will be free access between the four SRS commissioners, this will make them a Parliament or Cabinet," I wonder how many hours a day you will anticipate the commissioners will meet in Cabinet or Parliament?

Mr. **Dwight.** When you said my office, I think that was an error inasmuch as there are offices immediately adjacent to my office that are being altered, but my own office is not being altered. In fact my predecessor had an extremely large office which I chose not to use, moving into a smaller office. The old office is going to be used for a staff conference room because we had other needs which required a larger conference room to be put into general use as space in the building.

What I believe you are referring to is the provision of quarters for the four commissioners, one of which would be the rehabilitation commissioner, their deputies and their supporting clerical staff. Their offices have been diffused throughout the building, which is extremely old. Three of them were quartered in the building and one was quartered out in Prince Georges County. My strong conviction is the way you achieve coordination is by close access of individuals on a daily basis and, therefore, that is really what we are talking about. The figures that were quoted in the wire story were approximately accurate for the four commissioners, the deputies, all the clerical staff and then for another area which is in the general area of my own proximity which will be used for my deputy and other people who work very closely with me. That effort was occasioned largely to get much better use of space. In other words, we can use a lot less space for this number of people by utilizing what used to be halls and things like this.

It is just better use of the space, and this is consistent with my strong desire to clean up and improve the utilization of the entire building over a period of time.

Mr. **Brademas.** One reason I put this, I suppose there are two reasons I raise this question, one I have suggested, namely, the expenditure of additional moneys to renovate your own offices or offices which are obviously going to be very near your own at a time when you are reducing program requests for rehabilitation services seems to me to be something of an anomaly.

Second, however, I think that what you are doing with these physical offices is almost symptomatic and symbolic of a syndrome that has run through the criticisms that some of my colleagues and I have on this committee have been voicing, of the thrust of present SRS and Rehabilitation Services policy. To put the point more bluntly: you seem to be preoccupied by giving management priority as distinguished from program. If you want to get all of your commissioners where they can be huddled together for warmth, you can justify that I suppose as saying that will make your management task easier—but I confess I see very little sensitivity in such an action to the importance of having the commissioners close by the programs with respect to which they have responsibility.

What do you say to that apprehension?

Mr. Dwight. I think, Mr. Chairman, this perhaps goes back to 1967 when the Social and Rehabilitation Service was created. The object of the creation of the agency was to coordinate various previously independent programs so that they could more effectively deliver services to people who were in need of those services. My judgement is that has not worked very well in the past, and one of the reasons I think it has not worked very well is that the pieces don't communicate very well one with the other. This is not entirely different from the experience I had when I was with the State of California in the sense that by bringing people into closer proximity, you get a much better coordination of effort. The notion you have to look at is the basic role I think of the Federal Government in all of these programs we are talking about, not just the vocational rehabilitation program, the cash grant program, or the medical programs. They are all interrelated; they all serve some of the same people.

You find the same kind of things in different kinds of places, so coordination is a very effective tool of assuring that our services are addressing in the best possible way the needs of the people who are there to be served.

This being the case, I feel this is an effective way to achieve that purpose. It wasn't possible unless there were some offices provided that were not there before.

Mr. Brademas. Let me make this general observation in response to that, Mr. Dwight. You testified in here on August 3 to the great success of the State rehabilitation program, so did Mr. Reedy and so did Mr. Morrill. Then, of course, we had a discussion of that planing memorandum with a variety of proposals that were under consideration.

Now you are proposing to change the administrative structure with respect, in part, to a program to the success and effectiveness of which you have already gone on public record. You have given us no hard evidence that any objective observer would really take seriously the proposition that the program effectiveness rehabilitation services for the handicapped would be enhanced in any way. This is a theory which is endemic to this administration.

We are told how much more cost beneficial some new management arrangement would be, but we are given no hard evidence whatsoever. I, myself, have strongly criticized the President for his statement in February of this year when he said, and I paraphrase: "We have made a careful evaluation of the effectiveness of all these programs and we found they are not effective so we are reducing or cutting back."

Well, any serious observer knows that is a lot of nonsense because the criteria for evaluation of Federal intervention—of at least some domestic programs--have simply not been developed by the scientists. You know that as well as I do.

I come to the conclusion that in playing around with these new administrative arrangements it is fundamentally an ideological matter. You have given this committee no evidence whatsoever for the proposition that the effectiveness of rehabilitation services in terms of their purpose, namely, to help handicapped people, has been enhanced.

In like fashion I could make the same point with respect to the Arizona plan which you tell us that you have approved. Because evidence is not at all clear that the effectiveness of rehabilitation services has been improved by plans such as the Arizona plan. As a matter of fact, the reports are the opposite.

For your information, Mr. Dwight, from July 1 of this year when the plan went into effect until September 30, the reports were that rehabilitation closures were down a hundred from the comparable period a year ago, programs under closures for the blind were down 21 percent, funds from programs were returned unexpended at the end of fiscal 1972 and a quarter of a million dollars in expansion funds were returned, that is over $635,000, or 10 percent of the funds received by vocational rehabilitation by the State of Arizona were returned.

I find it difficult in any commonsense way to take seriously any proposition that would contend that that means more handicapped persons are going to be served more effectively by rehabilitation. Not only that, you are perhaps familiar—or, if not, I am sure you will want to acquaint yourself with—studies that were made at Berkeley in respect to the proposals that you are obviously pushing for umbrella service organizations. The studies conclude:

> Informal analysis of past program experience also suggests reorganization of programs under umbrella organizations have not produced a dramatic change in rehabilitation services although they have created morale problems in administrative activities. We do believe from our analysis of such organizations, that the burden of proof for the benefits of such organization should shift to the components of rehabilitation programs.

To put it more plainly, you come in and tell us this program has been successful, and then you come up with administrative changes but you give us no hard evidence to validate the proposition that there will be an enhanced effectiveness in terms of services as a result of these changes.

What do you say to that kind of criticism, which I obviously have gone through to indicate my own profound scepticism that rehabilitation services for handicapped people are in any way going to be changed by your pulling those commissioners up where you can keep an eye on them? I understand you have to go through an electric door now to get to you.

Mr. DWIGHT. The electric door we have is on the first floor. I would hope before long we would have two because this is extremely helpful to some of our employees who have wheelchairs in that they would be able to go through easier when they just have to hit a mat.

The subsequent point you make, I am not sure as to just how to answer it, but my general conclusion is that my motivation to provide as much discretion to the States, which is in essence the basis on which I made the decision on Arizona, is a different point of view from your own.

Mr. BRADEMAS. Let me interrupt. That is very revealing. You say your motivation for having approved that Arizona plan was to give greater discretion to the States. I find that a shocking statement on your part. I would have been more reassured though still skeptical if you responded your motivation was to improve the services for the rehabilitation of handicapped people. That is what the law was intended to mean, not greater discretion on the part of the States.

Mr. DWIGHT. I would assume that would be a strong motivation on the part of the States in the way they wanted to set up their organization.

Mr. BRADEMAS. Why do you assume that?

Mr. DWIGHT. It is a commonsense assumption.

Mr. BRADEMAS. What is the commonsense basis? What are the facts?

Mr. DWIGHT. The Governor of the State of Arizona, the elected legislators, I would assume they are motivated by the same factors.

Mr. BRADEMAS. You are supposed to be a management efficiency expert. Is that the only evidence you can give me for having approved such a plan? You don't expect me to take that seriously, do you?

Mr. DWIGHT. It is the only explanation I have to offer.

Mr. BRADEMAS. You are in serious trouble. You management experts are supposed to be giving reasons for justifying your program on grounds I thought to save taxpayer's dollars, to derive dividends by saving money, and improve services by saving those tax dollars. You have not addressed those purposes at all. You have addressed yourself to giving greater discretion to the States. That is not what that law says.

Mr. DWIGHT. The State went through their own individual legislative process. They came to the conclusion as to how they wanted to organize their human service delivery mechanism. Many other States have done the same type of thing. This goes a step further in one particular point which has not been tried before because the policy of SRS has been to disapprove that sort of an action. I find nothing in the proposal which would suggest there is going to be any diminution in the efforts being made to provide services to handicapped people.

Mr. BRADEMAS. What do you find in the proposal that suggests there will be an increase in the effectiveness of services provided to handicapped people?

Mr. DWIGHT. I think it will probably be a situation where all the people, the rehabilitation people and other people will have their time and efforts more effectively used.

Mr. BRADEMAS. Because you think it is a situation where probably the time and effort of others will be more effectively used. What is your evidence for your thinking this will be the probable result, that is what I am trying to get at. You must have some hard evidence other than a sort of thought on your part.

Mr. DWIGHT. Evidence is something that is a measure of fact. Until you try something, you have no facts to measure.

Mr. BRADEMAS. Well, you are rapidly causing a diminution of my regard for the effectiveness of cost effectiveness types. You have not given us a single bit of hard evidence. All you have given us is an indication of your thought that this would be the probable result in the face of, as I suggested earlier, what seems to me to be a violation of the intent of the Federal law. I think I should point out that the Civil War was fought in the last century over the relative relationships between sovereignty as between an act of Congress and an act of a State legislature.

You know the direction in which you are moving, as I listen to your responses, will require us to give now serious consideration to the possibility of simply removing the Rehabilitation Services Administration from SRS and establishing it under some more independent status as, for example, with the Administration on Aging. I am really quite distressed by some of your responses.

If you had indicated to me that you had, as the Berkeley people had done, made a serious effort to analyze the pros and cons, in terms of the effectiveness on the delivery of rehabilitation services for handicapped people, of an Arizona plan type of umbrella approach, and other approaches, and then on the basis of that had come to some conclusion, and then on the basis of that conclusion, come to Congress and requested legislative authority for approving such an approach, I think that would have been a more straightforward approach.

As it is, it seems to me you are derelict in two respects. First of all you have no hard evidence to justify making such a radical change in the existing pattern. It is just a whim, from what I hear you say. An ideological whim. You "feel" it is better. You "think" it is better. And second, you are in violation of the law because the law doesn't let you do that.

Mr. DWIGHT. Mr. Chairman——

Mr. BRADEMAS. Well, you have to leave, but I want to be sure you can respond to my very sharp criticism.

Mr. DWIGHT. The question of the Arizona proposal was not the creation of the umbrella agencies. Many States have umbrella agencies.

Mr. BRADEMAS. I am perfectly aware of that. That is not the point. It is the kind of umbrella agency, of course.

Mr. DWIGHT. No, it is just a question of a reporting relationship between groups of people, and there is no way of garnering evidence on that question because it has never been tried before.

Mr. BRADEMAS. You know that sounds like John Erlichman's attitude toward the law—and I am not surprised to hear you say it—that the President of the United States can do anything he wants to, providing Congress doesn't tell him he can't.

Mr. DWIGHT. If the proposal they made violates the law, we have a different question. I am operating on the assumption it doesn't. If I am in error in that regard, I am the first to set that out.

Mr. BRADEMAS. Did you ask for a legal opinion on that before you signed off on that?

Mr. DWIGHT. No; because I had sufficient evidence both ways, there were differing opinions.

Mr. BRADEMAS. That is very revealing. Let me put that on the record, although the record is full of statements from your own RSA people that approval of that plan was in violation of the Rehabilitation Act and of rehabilitation regulations. You went ahead and approved it and did not even take the trouble to get a legal ruling on it.

Mr. DWIGHT. I did not request a formal opinion of the General Counsel of the Department.

Mr. BRADEMAS. That, I suggest to you, is as sharp an indication as I can muster—and there are many others which we shall muster in the next hearing and successive hearings—of what I call a contempt for the law of the land. That is what I mean when I say the Watergate mentality. I know a lot of you come from California, but my Lord.

Let me ask you two other questions because I know you want to run. I ask them because they derive from the same article to which I made reference. "Some of the architectural barriers to the handicapped will be removed with the internal assistance of handicapped employees." You are the agency responsible for the handicapped, why weren't the handicapped consulted before the renovation alluded to was made?

Mr. DWIGHT. I believe you are referring to an effort which got underway sometime ago of renovating the halls of the building which have become badly soiled and the floors are pitted and so forth. They constitute a major maintenance problem. Somebody before I got here decided the best way to solve that problem was to apply something that was akin to indoor-outdoor carpet on the floors. I am told in hindsight that there was just a communications failure. The people doing the work thought they had submitted the item to a group of handicapped employees that work in the building and had received their concurrence. It would now appear that that was not a complete account and, as a consequence of the concern expressed by many of the people in the building, I brought these plans to a halt until such time as we could work out a satisfactory arrangement so that the work environment for handicapped people is not adversely affected. I think we have worked that out now.

Concurrent with that, I became aware of a plan which had been put together I guess a year or two ago for a broader brush look at all of the environmental factors in the building which affected our handicapped employees. As a consequence, I initiated and asked some of our people, in addition to the handicapped people, to put together an analysis of where we are, what we have done and haven't done. I now have the analysis and I think that we will now have for the first time on a concerted basis a comprehensive look at the building and provide it as an example as it should be of providing an environment which is conducive to the employment of handicapped people.

Mr. BRADEMAS. I am pleased to hear you say that. You refer to a communications failure in this particular instance and, therefore, you halted further operation on that matter. I suggest to you, in light of the criticisms you have heard voiced up here from both sides of the aisle—and I want to assure you it is not personal criticism, it goes to policy—that you have communications failures with Congress and all across the United States with State administrators of vocational rehabilitation.

You have communications failures with Members of Congress, on both sides of the aisle, and I would hope that before you sign off on other matters where there is some degree of misunderstanding or you have commonsense reason to think there is likely to be sharp disagreement, that we could improve the communications. It would make your life easier and make ours easier. We have other ways to spend our time up here, as I am sure you do.

Finally, following your observation that you are taking a look made at the architectural barriers problem, I am reminded that about a year ago an RSA employee fell out of a wheelchair and broke a hip because, as you may be aware, a grab bar was not installed properly in a bathroom in the Mary Switzer Building. It did not meet the building standards for at least a year. It does seem to me, in all candor, not being personal, architecturally sound facilities that are fundamental to handicapped employees ought to be given some priority, by you, who have responsibility for programs for the handicapped over the renovation of your offices and those of your associates.

I should have thought there would be some sensitivity to the way in which the public would look at what appears to be perhaps an insensitivity to appropriate priorities. It is the same reason Mr. Nixon gets criticized, you know, when he takes his jet plane off and uses a lot of oil when the country is being pressed to be more conservative with respect to energy.

But that is something you will have to make a judgment on and I can assure you we won't have to legislate in that field.

Well, Mr. Dwight, Ms. Betts and Mr. Reedy, you have been very patient with us here today. I want to thank you again for changing your plans in order to be with us, and look forward to seeing you again, all of you, on the 10th.

I would conclude by reiterating what I said at the outset, that the rehabilitation program has enjoyed the most vigorous support from Republicans and Democrats on this committee and in the House and Senate. As Chairman of this subcommittee I am interested in seeing that support continue. I would simply have to give public voice once more, particularly in light of some of the responses to some of our questions, that I am apprehensive about the directions in which you, who are responsible for this program, are moving it. I have tried to be as candid and as straightforward as I can, as has Mr. Quie and some of our other colleagues.

We are not happy about what you are doing. We think in many instances you are in violation of the law. We think in many instances you have not placed uppermost the purpose of the law, which is the provision of effective services for the rehabilitation of handicapped Americans.

I like to think at the next hearing you will have had an opportunity to consider some of the criticisms that you have heard voiced and perhaps hopefully you can give us reassurances either that we are mistaken in our facts, or, alternatively, that there is something to be said for some of the criticisms that we have tried in all frankness to voice. And we would like to hear, too, that you are going to try to meet those criticisms in some responsible way.

I am trying to be as candid as I can with respect to the way in which we tried to approach this oversight responsibility.

Thank you very much.

We are adjourned.

[Whereupon, at 1:50 p.m. the subcommittee recessed, subject to the call of the Chair.]

VOCATIONAL REHABILITATION SERVICES

MONDAY, DECEMBER 10, 1973

House of Representatives,
Select Subcommittee on Education
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess in room 2175, Rayburn House Office Building, Hon. John Brademas (chairman), presiding.

Present: Representatives Brademas, Lehman, Quie, and Hansen.

Staff present: Jack G. Duncan, counsel; James Harvey, staff assistant.

Mr. Brademas. The Select Subcommittee on Education of the Committee on Education and Labor will come to order for the purpose of continuing our oversight hearings on the future directions of the Rehabilitation Services Administration.

The Chair would observe that he has been advised that the gentleman from Minnesota, Mr. Quie, will be with us hopefully around 10:30 a.m. as will the gentleman from Idaho, Mr. Hansen, but to conserve the time of our witnesses, we will proceed.

The Chair wants also to note that this is the third day of hearings on the matter of the implementation of the Rehabilitation Act of 1973 as well as the future directions of the State program for vocational rehabilitation for handicapped persons.

The responses to these hearings in the judgment of the Chair have been positive and constructive as we continue with the responsibility vested in this subcommittee to oversee the implementation of the legislation which has been authorized.

We hope that one product of these hearings will be greater cooperation between the executive and the legislative branches with respect to the subject matter we are considering. In this connection, the Chair would announce at this time that last Saturday, December 8. Mr. Frank Carlucci, the Under Secretary of the Department of Health, Education, and Welfare, advised the Chair that the administration had reconsidered the so-called Arizona plan which would have submerged that State's rehabilitation program within a State Department of Economic Security.

Mr. Carlucci said that it now appears on reconsideration that no authority exists for such a plan and that the plan has, therefore, been disapproved.

The Chair would note that he welcomes this decision and applauds the administration for having made it. I hope that this decision will serve as a precedent for similar plans which are now pending before the Rehabilitation Services Administration or might be presented to RSA in the future.

We are very pleased to have with us again today, Mr. James S. Dwight, Jr., the Administrator of the Social and Rehabilitation Service accompanied by Corbett Reedy, Acting Commissioner of the Rehabilitation Services Administration and Miss Carolyn Betts, Acting Associate Administrator for Field Operations of the Social and Rehabilitation Service.

Would you please come ahead Mr. Dwight, Miss Betts, and Mr. Reedy.

You have no prepared statement. I believe that is correct.

STATEMENT OF JAMES S. DWIGHT, JR., ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY CORBETT REEDY, ACTING COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION; CAROLYN BETTS, ACTING ASSOCIATE ADMINISTRATOR FOR FIELD OPERATIONS OF THE SOCIAL AND REHABILITATION SERVICE

Mr. Dwight. Thank you. I would like to make a few opening remarks which are largely along the lines of your comments. By way of clarification, as the General Counsel in the Department of Health, Education, and Welfare looked at the Arizona proposal as it relates to organizational structure, it was determined that the provisions of present HEW regulations dealing with the questions of the selection of an individual for rehabilitation were not adequately considered in the plan. It is before the San Francisco office, and, based upon that interpretation, the State was advised, I believe on Friday, that their plan was deficient in that regard and, therefore, it was not approvable, canceling an earlier approval which was the subject of our last hearing.

A second point—information which I believe you have as a consequence of your meetings last week with the State—would indicate that the rehabilitation program and other programs in the State of Arizona since the adoption of this method of operation, which commenced someplace around January of last year, would appear to give evidence currently that it has resulted in substantial benefits both in rehabilitation and in other programs in the State of Arizona. We believe this gives us good evidence for our support of that plan.

Mr. Brademas. I appreciate those comments, Mr. Dwight. I would make three comments following what you just said.

First, I would just have to say, in all candor, I do not think that what you have said—with respect to the improved effectiveness of the program in Arizona—can be supported by evidence, at least evidence that has been made available to this subcommittee.

I just want to spread upon the record the fact that the general counsel's office would not agree with your assessment. In other words, your opinion is not a clear and unambiguous conclusion.

Second, you will, I think, now appreciate—in light of the justification you have just suggested for cancellation of the Arizona plan, namely, the matter of the relationship of that plan to HEW regulations—why this subcommittee continues to be so interested in regulations.

I would recall to you that at our oversight hearing on November 30 at pages 74 and 76 of the hearing transcript, you promised Mr. Quie and me that you would come and speak to us before December 15 about the interim regulations to implement the Rehabilitation Act of 1973.

Now, today is December 10. You have some time yet but we are very busy people around here and we have yet to hear from you in respect to that commitment. We have yet to see a copy of the proposed interim regulations.

Mr. DWIGHT. Yes, Mr. Chairman, I did not consider my comment to be that of coming personally to you and Congressman Quie, However, that would certainly be appropriate if you desire that. I believe there is a session set up this afternoon at which time we would hope to physically have the interim regulations available for discussion with members of your staff.

Mr. BRADEMAS. I appreciate that response, Mr. Dwight. You will, I am sure, understand that it is much more constructive as a basis for positive dialog on these matters if the staff has an opportunity to review proposed regulations, in writing, prior to the kinds of discussions that you just suggested.

Again, we are all very busy people. You are and we are and our staffs are. I would hope, therefore, that there will be a subsequent opportunity, following the staff meeting that you have mentioned, for both members of the staff and for Mr. Quie and me, and any other members of the subcommittee who may wish to react, to do so.

I take it you would have no quarrel with that suggestion?

Mr. DWIGHT. Not at all.

Mr. BRADEMAS. The third point I wanted to make, Mr. Dwight, in commenting on your remarks in respect to the cancellation of the Arizona plan—in which you alluded to the questions of the relationship between the plan and the regulations of HEW—is to observe that there apparently continues to be a disagreement on whether or not that plan is in violation of the statute as distinguished from the regulations.

I want to assure you that I still think the plan is against the law and that there will have to be—in the event you seek to justify this cancellation by allusion only to the regulations—continuing disagreement between us on that matter. I would hope you would go back and take another look at your decision in light of the very clearly expressed intent of Congress as well as the statute.

Do you have any comment on that?

Mr. DWIGHT. Mr. Chairman, I am being governed by the interpretation that I actually have not even seen—the opinion from General Counsel of HEW. Apparently it was finalized on Friday but I have not as yet received a copy of that opinion. I am going on the basis of what I was told verbally and that was that the basis was found in regulation as opposed to law.

Mr. BRADEMAS. I would be grateful if you would share with the subcommittee a copy of that opinion when it is prepared.

[Information referred to follows:]

DECEMBER 13, 1973.

To: The Under Secretary.
From: John B. Rhinelander, General Counsel.
Subject: Arizona State Plan for Vocational Rehabilitation.

This is in response to your request for a written opinion confirming my oral advice that the Arizona State plan for vocational rehabilitation could not be approved in its present form under the applicable federal statute and regulations.

In addition to a single State agency requirement, the Rehabilitation Act requires that there be an organizational unit within the State agency which, among other things, "is responsible for the vocational rehabilitation program of such State agency" (Section 5(a)(2)(A) of the Vocational Rehabilitation Act, Section 101(a)(2)(A) of the Rehabilitation Act of 1973).

In implementing this requirement the current regulations requires that, in order to be approvable, a State plan must provide that

> "the [State] agency . . . include . . . [an] organizational unit which . . . is responsible for the administration of such State agency's vocational rehabilitation program." (45 CFR 401.6(b)).

and also that

> "all decisions affecting eligibility for vocational rehabilitation services . . . will be made by the State agency through its organizational unit . . ." (45 CFR 401.5(e)).

The Arizona State plan provides that

> "all decisions affecting . . . eligibility . . . for vocational rehabilitation services . . . will be made by the Department [of Economic Security—the single State agency] through the coordinated efforts of the Bureau of Rehabilitation Services [the organizational unit] in the Department's Program Services Division, and the vocational rehabilitation supervisory and counselor staff of the Department's Field Services Division." Section 2.2(a).

While the Bureau of Rehabilitation Services, among other things, "interprets rehabilitation policy," "develops programs and procedures based upon approved policy," and "provides related program evaluation, research and reference services" (Section 2.3(a)(2) of the State plan), the plan does not indicate how that Bureau enforces rehabilitation policies carried out by personnel in the Field Services Division, who make day-to-day administrative decisions regarding eligibility for, and the provision of, services. We understand that in practice this can be done only by the Bureau of Rehabilitation Services going up (through the parent Program Services Division) to the head of the single State agency who then would enforce compliance down through the Division of Field Operations.

While there may be many ways in which "all decisions affecting eligibility," could be made "through" the Bureau of Rehabilitation Services, as the regulation requires, it would be unreasonable, in our view, to conclude that those decisions are made "through" the Bureau when (1) they are made by personnel not under the supervision of the Bureau and (2) there is no way for the Bureau to correct erroneous decisions except by appeal to the head of the single State agency. "Through" means "by means of" or "by the agency of." Under this plan, decisions affecting eligibility seem to be made by the agency not by means of its organizational unit but by means of the Field Services Division acting on instructions of the agency head.

Thus, neither regulatory provision—that the organizational unit be "responsible for administration" of the program and that "all decisions affecting eligibility" for services be made through the organizational unit—is clearly met by the Arizona plan.

To be approvable under the regulation, we think there must be some direct linkage—more direct, that is, than common ultimate responsibility to the same agency head—between the Bureau of Rehabilitation Services and the field personnel actually making determinations of eligibility for services and of the services to be provided.

We would be pleased to assist in working out other alternatives and the details of necessary plan changes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
OFFICE OF THE ADMINISTRATOR,
December 7, 1973.

Letter of Disapproval of Arizona State Plan

Memorandum.

To: Mr. Charles Sylvester, Acting Regional Commissioner, SRS, Region IX—San Francisco.

From: Administrator, Social and Rehabilitation Service.

Subject: State Plan for Vocational Rehabilitation Services: My Memorandum of November 21, 1973.

Further study of Arizona's State Plan for rehabilitation services vis a vis existing pertinent Federal Regulations has persuaded me that at least that part of the Plan which relates to the Arizona Bureau of Vocational Rehabilitation is not approvable. I understand that you have acted upon the State Plan and have returned it in "approved" form to the State.

I must ask that you recall that Plan and suggest that you notify the State of this action by telegram as soon as possible.

The next steps will be to work further with the State in an effort to put the Plan into approvable form as rapidly as possible.

JAMES S. DWIGHT, Jr.

Mr. BRADEMAS. Mr. Dwight, during the August 3 hearings, I asked Mr. Morrill if, in light of the planning document that was in large measure the subject of that hearing—the document regarding the future directions of the Rehabilitation Services Administration—he could give this committee his judgment of the need for rehabilitation expenditures. I asked him, putting my question a second time, and in perhaps a more expressive way, "How do you define the need for vocational rehabilitation services in the United States in 1974?"

Mr. Morrill promised he would supply us with that information. Now it is 4 months after that hearing but the subcommittee has not yet been supplied with that data. I wonder if you could, this morning, therefore answer that question.

Mr. DWIGHT. I did not recall that particular point, Mr. Chairman. I will certainly discuss the matter with Assistant Secretary Morrill at an early date. If you are asking for my own personal view——

Mr. BRADEMAS. Yes, sir, if you care to add it.

Mr. DWIGHT. I would say that it is extremely sound public policy that the human relations activity which is supported financially by the Federal Government and, therefore, is a function of Federal policy, is directed toward assisting people—in this case, particularly handicapped people—in reducing their dependency and increasing their ability to function in a full and complete way as active participants in the whole range of our society as we know it.

Obviously, that is the primary function of this program and is the reason why I supported it, why Secretary Weinberger supports it and why it has received strong support of this administration for some period of time.

Mr. BRADEMAS. Let me put my question more specifically—an exact repetition of my question to Mr. Morrill on August 3.

Don't you have any idea of the need for vocational rehabilitation service in this country?

Mr. DWIGHT. You mean the order of magnitude of persons who might benefit from such service?

Mr. BRADEMAS. Yes. Again, to quote my own question, "How do you define the need for vocational rehabilitation service in the United States in, say, 1974?

Mr. DWIGHT. The first requirement is to identify individuals who are handicapped and who can benefit from this type of service. I believe, if my recollection serves me correctly there was some discussion at that meeting, and I believe Mr. Reedy was the primary individual who cited statistics. Using census-type information and this sort of assessment, there is somewhere in the ordinary magnitude of 4 or 5 million people in the country who represent the outward bounds of the need. Currently we are providing service for 1,500,000 or thereabouts, of which, last year, we rehabilitated 360,000 persons. So, I think that addresses the order of magnitude of the issue.

I think, second, many individuals are not dependent upon this program per se as a mechanism for rehabilitation, that is, there are other private mechanisms and there are other ways of addressing the issue. The vocational rehabilitation program is not the only mechanism which helps people toward rehabilitation.

Mr. BRADEMAS. I won't pursue this matter in greater detail right now, Mr. Dwight, but I am distressed that the subcommittee has not yet been given the specific information with respect to the need for vocational rehabilitation services in the United States that it had been promised.

It seems to me to be elementary that if you are going to be able intelligently to plan—for the short run and the long run—programs in this area, you are going to have to make some judgment on the needs for the service that you are going to recommend.

You are not just going to have a program absent any kind of judgment on the need for the program, I am sure. So, what we want to know is what is your best estimate of the need for vocational rehabilitation service in the United States in the short run and the long run?

I am just repeating questions that we put in August and to which we are still awaiting more specific answers.

Mr. DWIGHT. I would say that the short run need, which may be the point that you are getting at, would be largely a function of continued orderly growth in the program so that more and more people can be served and more and more people can be rehabilitated.

Mr. BRADEMAS. You are telling me of what it would be a function; what I want to know is what is the magnitude? Can you tell me that?

Mr. DWIGHT. I think the solution which is implied in your question——

Mr. BRADEMAS. No solution is implied. What is your best judgment? Is it 1 or 85? You must have some assessment down there, must you not?

Mr. DWIGHT. I don't believe that the state of the art in assessing need has been refined to the point where you can make other than an intuitive judgment or a judgment which is the function of the kinds of insight that people like Mr. Reedy have to bring to the table in the decisionmaking process. But we will endeavor to get this in our work with Mr. Morrill so you will get the benefit of both of our thinking.

Mr. BRADEMAS. If I could ask you again to take a look at the hearing of August 3 before this subcommittee on page 50 and maybe you can take a look at those questions and submit to us in writing your responses.

Mr. Dwight. Senator Cranston of California has called to my attention also, that in the testimony given by Mr. Morrill on August 3, he said that the preparation of recommendations, both for the short run and the long run, with respect to rehabilitation would be completed sometime in September.

Could you give us a summary of what these plans are and could you submit a copy of such reports to the subcommittee?

Mr. DWIGHT. I would have to indicate here that with the press of other issues and, most particularly, the new legislation, that there has not been much progress made since we sat down in bringing forth this long-term planning document.

Mr. BRADEMAS. When do you expect you would have completed that work?

Mr. DWIGHT. I think that is largely a point about which Mr. Morrill would have to talk to you. It is conceivable the judgment expressed at that time would have to be modified or perhaps it has been given more consideration than I am aware of.

Mr. BRADEMAS. This is your area of responsibility, however, is it not, Mr. Dwight?

Mr. DWIGHT. Speaking to the things that we are doing nationally within the Rehabilitation Service Administration and in terms of associated rehabilitation service, we have not made a lot of progress in this area in the last several months.

Mr. BRADEMAS. Would you be good enough to ask Mr. Morrill to submit to us his response to those questions?

Mr. DWIGHT. Yes; I would be happy to communicate that to him.

STATEMENT OF WILLIAM A. MORRILL, ASSISTANT SECRETARY FOR PLANNING AND EVALUATION SUBMITTED FOR THE RECORD

ESTIMATION OF THE UNIVERSE OF NEED

RSA relies upon the States to provide an estimate of the Universe of Eligible Disabled Persons in the Program and Financial Plan for Vocational Rehabilitation Agencies. In 1969 each State conducted a survey to determine the universe of need for rehabilitation services. With the survey data as a base, the States have individually included other data sources and updated their estimates. No uniform method has been established among the States. RSA aggregates the State estimates. The aggregate estimate for FY 1974 is 9,408,486.

In addition to this estimate, there are three other data sources on disabled populations which might be used as a basis for estimating the need for Vocational Rehabilitation Services. These methods of estimating are:

1. The 1970 Census of Persons with a Work Disability.
2. The Social Security Survey of 1966.
3. The National Health Survey of 1965–1969.

There are several difficulties with using these surveys as an estimate for VR purposes. No precise estimate of the universe of need for vocational rehabilitation services can be derived from existing data. Estimates of the universe may include persons who are too severely disabled to benefit from rehabilitation services or who have already received all possible services, who have attained the best possible adjustment to their limitations, or who have too slight a disability to justify rehabilitation services. Many eligible groups such as alcoholics, drug abusers, criminals, and the mentally retarded are not included in compiling the estimates. Consequently, none of the surveys provide the full number of persons who do not work because of disability.

1970 census—persons with a work disability

Data on the total noninstitutional population between the age of 18 to 64 based on question 25 of the 5-percent Census sample were compiled. Persons hindered in their labor force activities by health or physical condition were identified. The question refers to a serious illness that has lasted for a relatively long time, or a serious physical or mental impairment or handicap. Also determined was whether or not such persons were able to work at all and for how long each person had been limited in his working ability. Twelve million persons were hindered in their labor force activities by a health or physical condition. Five million of those individuals were prevented from doing any work at all.

The Social Security survey

In 1966 the Social Security Administration conducted a national sample of 18,000 households comprising 2,000 households containing OASDI disability beneficiaries, 1,700 receiving public assistance, and 8,000 had members who were denied OASDI benefits. Intensive interviews were conducted with a sample of working age adults 18 to 64 years of age who were identified as disabled.

More than 17 million individuals were limited in the kind or amount of work they could perform as a result of a chronic condition or health impairment lasting three months or longer. Six million non-institutionalized persons were either unable to work at all, to work regularly, or to engage in substantial gainful activity.

This survey provides the best estimate of the number of adults for whom disability is a major reason for not working. If only the severely and occupationally disabled of the survey are counted, the estimate is 11.8 million persons which is very close to the census estimate.

The National Health survey

This survey consists of a continuous sample of 800 families weekly. During the course of a year, 42,000 households and 134,000 individuals are randomly selected. Between 1965 and 1969 an average of 12.5 million persons were limited in the amount or kind of major activity in which they could participate.

The survey does not count people, such as a homemaker who formerly may have been in the labor force, who changed their major activity. Consequently, many homemakers and individuals who may have retired early because of the disability are not classified as disabled. This survey provides the best estimate of the number who are economically idle—neither working nor homemaking.

As estimated by each method, the total population with a work related disability is estimated to be approximately 12 million individuals between the ages of 18 and 64. This estimate provides an upper limit of the true universe of need; many are served by other programs, some would not be considered eligible for the vocational rehabilitation program, and some purchase rehabilitation services from private or third-party sources. The precise number of persons in those categories cannot be established.

Mr. BRADEMAS. The next question I want to raise relates to the ones which I have just been raising and has to do with the next steps following decisionmaking within the executive branch with respect to the plans that we have just been discussing.

I would like to know whether you will be acting in terms of making budget recommendations, program changes and so on, to implement your conclusions with respect to your plans—assuming that your plans involve some significant departure from the present program. Or, on the other hand, will you come to Congress, before this subcommittee and the relevant subcommittee in the other body and submit your recommendations, and, then, engage in open, frank, and free discussion, with the members of the authorizing committees—so that whatever conclusions are reached with respect to vocational rehabilitation, reflect the best judgment of both the legislative and executive branches of the Government?

Mr. Dwight. Very definitely, Mr. Chairman. I thought that that was one of the points that Mr. Morrill did address during that hearing. Just to repeat so that it is clear, the major thrust of this type of an effort, which is an overall HEW effort—is to subject all programs to this type of critical analysis. The extension of the Vocational Rehabilitation Act of 1973 presumably would be a matter for discussion with the Congress about $1\frac{1}{2}$ years down the road.

That would be the basis, along with many of the provisions of the Vocational Rehabilitation Act itself, which call for several studies which will be pursued and will become a basic part of this type of an effort. One study has to do with the method in which we allocate funds to the various States and some of those kinds of questions which were posed by the Congress in the Vocational Rehabilitation Act of 1973.

Mr. Brademas. I appreciate that response. I do think that it is exceedingly important that there be as much reasonable exchange as possible between the executive branch and the legislative branch on this particular matter so as to avoid, insofar as it is humanly possible to do so, any lack of appreciation on your part about the intent of Congress in having written the legislation.

If you disagree with us on what we have written, that is one thing. That is part of your line of work and ours, to squabble about these matters and come to some resolution. But where I think there has been a good deal of criticism on our part, has been an apprehension that Congress may have passed a law and you understand it but you don't agree with it so you don't carry it out; and that is what exercises us.

Before I turn to one other line of questioning and yield to Mr. Quie, I believe you said, Mr. Dwight, there will be a meeting of some of your staff, and I guess Mr. Reedy's staff, and congressional committee staff this afternoon on these interim regulations that we mentioned earlier.

Mr. Dwight. That is my understanding.

Mr. Brademas. Is that right, Mr. Reedy?

Mr. Reedy. The basic purpose of the meeting is to discuss a list of issues that must be addressed in the framing of regulations. Since the interim regulations have not been provided to the staff, we were of the opinion that they should have those in advance and schedule the actual discussion of those regulations at a later time.

Mr. Brademas. When will those interim regulations be provided to the staff?

Mr. Dwight. It was our intent to make those available this afternoon. They have not as yet been cleared by our general counsel. In view of the discussions we had 10 days ago, we thought it would be inappropriate to share them until they had that approval.

Mr. Brademas. Will you schedule a subsequent meeting with the staff prior to these regulations being put into effect in order to enable the staff to consider them and then to respond to them?

Mr. Dwight. We would be happy to.

Mr. Brademas. I think that would be very important, to be blunt about it, as an indication of your good faith. I think it would be awkward if you were to come up and give us the regulations and feel that in having done so, you had complied with your commitment and, then, go off and put them into effect without giving members of the staff and members of the committee an opportunity to examine them, reflect upon them and react to them.

So, I am pleased to hear that and we would hope—what is the date when they are supposed to go into effect, Mr. Reedy?

Mr. **Reedy**. December 24.

Mr. **Brademas**. That is not enough time, you know. I want to tell you I am not impressed by what you are telling me because here, we are on the 10th, and the 24th, as I recall, is Christmas Eve. This place may conclude its labors here shortly before that, and we are going to be extremely busy. So I would urge you to schedule a subsequent hearing in such fashion as to afford members of the staff a reasonable opportunity to express the views of their Representatives on their committees, and I would strongly urge that you call another meeting later this week. Can you do ~~that~~?

Mr. **Reedy**. Yes; I think during the meeting this afternoon, a convenient time for the second meeting can be negotiated with the staff who are present.

Mr. **Brademas**. I appreciate that very much.

Let me turn to a second line of questions before I yield to Mr. Quie.

This question follows one of our earlier conversations, Mr. Dwight, in respect of the basis State grants program authorized by title I of the Rehabilitation Act of 1973. The administration's 1974 request for this program was $609 million, approximately a $20 million increase over the 1973 estimate and, then, an additional amount was added to cover the grandfather clause with the result that the revised budget request was a total of $615 million to carry out title I of the basic State program.

Why was such a small increase requested?

Mr. **Dwight**. I think there are perhaps two other provisions which at least bear in my consideration. I am not sure I can recall the exact figures, but your recollection is correct on the basic grants. The other two are the new program which stemmed from the commencement of the SSI program for adults and, then, the continuing program dealing with SSI backing their trust fund activities which added about another $50 million increase into rehabilitation activities at the State level.

As you look at that, even with the significant reduction in training activities coming along, that we also discussed a week Friday, we find, I think, somewhere in the order of magnitude of a little over a 12-percent increase in actual rehabilitation dollars available. This seems to me to be a fairly healthy increase if your objective to orderly growth is sustained in the program which, as I indicated earlier, I think is a sound objective.

Mr. **Brademas**. Mr. Dwight, let me make this comment on your response, because I think it is important that as we discuss the basic program this morning, we understand how it works. As you know, the rehabilitation legislature has been unique in that the State allotments are based not on appropriations but rather on the funds authorized to be appropriated and, in effect, this feature amounts to an entitlement for rehabilitation purposes, provided that the individual States appropriate the necessary matching funds.

What this means, in effect, is that we have given the States an enormous incentive to appropriate the matching funds, and this is one of the reasons I think most of us are agreed, as I believe you are and I am, that the rehabilitation program has proved to be one of the most successful State-Federal programs.

But, Mr. Dwight, because this administration has not been requesting enough Federal money necessary to meet the States' matching funds, we now find ourselves in the astonishing position whereby the Federal Government has not appropriated enough money to match the funds that have been raised by the States.

I understand that last year fully 43 States had funds for which the necessary matching Federal moneys were not available, and that the year before that, fiscal 1972, 25 States appropriated more money than the Federal Government could match. So we are in the curious situation here where the States seem to be doing their job in respect of providing moneys for vocational rehabilitation but the Federal Government is not doing its job.

Finally, I would observe that although we have been, as you suggest, expanding these programs in the past years, and although more handicapped persons are being rehabilitated every year, you know as well as I, that the number of handicapped persons in the United States is increasing rather than decreasing, so the result has been that the percentage of handicapped persons who are being served is going down.

Realizing the budgetary measures to which you made reference, I recall that Mr. Reedy, in his testimony before the Labor-HEW Appropriations Subcommittee in the House, said that at least 4 million handicapped persons in the United States are not receiving service.

I don't want to misrepresent these several issues, but if I am mistaken in what I have said, Mr. Dwight, I hope you will straighten me out here.

Mr. Dwight. I believe that your information is largely accurate. That is what I was alluding to earlier in this hearing. As far as I know myself, and Corbett would like to amplify this, I don't think you can reach the conclusion that 4 million persons are not being served for several reasons.

Some disabled persons cannot benefit from rehabilitation. I don't know what that figure might be.

Second, this program is not the only way in which people can be rehabilitated. By that, I mean there are other private sources and some people go through a process of rehabilitation without any assistance from anybody. The outward bounds of disabled persons, that is, the estimated 5 million, is at best an imprecise measure. But perhaps you are trying to make the point that if more funds were available, then, more people could be served.

My view is that governmental programs do not work well when they take large quantum jumps, and it would seem to me a 12-percent increase is about as much as a program can rationally handle if it is on a sustained-growth pattern.

Mr. Brademas. Sometime—not this morning—sometime I would like to get into a colloquy with you on generalizations such as "Government programs don't work very well when they make quantum jumps and 12 percent is about a rational increase." I am just hardheaded enough to want to know what the rationale is for generalizations of that kind. Mr. Reedy?

Mr. **Reedy.** Mr. Chairman, the estimates to which you referred that we presented at the appropriations hearings of the House subcommittee were derived from our long-range planning last fall. We used 1970 census figures showing that there were 11,900,000 disabled persons in the age group between 16 and 64 that had significant disabilities.

We reasoned, through pure estimating process, that half of those are engaged in suitable work or have made their vocational adjustment, leaving roughly 6 million disabled persons not in institutions who would be potential candidates for rehabilitation service.

Two-thirds of that number, which would be 4 million, we think could be solid candidates for whom a successful rehabilitation outcome could be expected. So, in view of the fact that our program in 1973 fiscal year was able to enroll for the first time, 1 million people for the entire year and actually provide hard service for around 650,000 of that million, rehabilitating 380,000, then we have established a broad gap between the most conservative estimate derived from the sources I cited and the level of the program at the present time.

We do point out that the census figures did not include disabled persons in institutions and we have developed a substantial rehabilitation effort in institutions serving the chronically ill and disabled and, therefore, I would add those to the 4 million previously cited bring it roughly to the 5 million gross estimate.

Mr. **Brademas.** Of these 5 million, how many would you estimate could be served by nongovernmental or privately supported vocational rehabilitation service?

Mr. **Reedy.** Concerning that it is extremely hard to give you a good impression, but I would doubt that the private sector, in terms of comprehensive rehabilitation service as we attempt them under the public program, would be reaching more than 200 to 250,000 a year.

Mr. **Brademas.** That is a rather small fraction, then, of the overall universe of need.

Mr. **Reedy.** There is today a close relationship between the private sector and the public program which has been deliberately developed in recent years in which they actually team up very frequently to serve a common client. Thus, part of the service is given by the private facility or under private financing and services are supplemented through the public program and through the other program financing.

Mr. **Brademas.** Mr. Dwight, to continue my line of questioning with respect to the title 1 basic program, you will recall that our colleague, Congressman Gonzalez of Texas, moved a few days ago to amend the supplemental appropriations bill to increase the appropriation for carrying out the State program from $615,870,000 to $650 million—which is the amount authorized in law—and I am sure you are aware that that move was defeated by only four votes.

It is very difficult to get the House to accept amendments to an appropriations bill so when you come within four votes, I regard that as very significant. One of the reasons, however, Mr. Dwight, that that amendment did not carry was the fact that the distinguished chairman of the subcommittee, Mr. Flood, indicated that he was under the impression that the committee was recommending all the appropriations that were necessary to meet and match available State moneys and here is what Mr. Flood said, and I quote him from the debate on the Gonzalez amendment:

> Some States are not able to come with the necessary matching funds. Where this is the case, it would not be necessary to appropriate the full authorization. Do not members know that we know this? In the hearings, we spent a great deal of time on that specific subject for just this purpose. We thought there might be a problem in the amounts for basic grants under the new law.

[Mr. Flood continued:]

> The new witnesses saw no problem and they planned to compute and made the allotments on the basis of the authorization and the amount that was requested. We clearly had the impression that the amount requested is all that is required to make allotments on the basis of the authorized amount.

[Mr. Flood went on:]

> Let me say, Mr. Chairman, and let me tell the members of the committee and my friends, we know whereof we speak, believe me. If later estimates from the States at any time show that matching funds are available so that the full amount of the authorization can be used, we expect that the Administration will request a supplemental appropriation later in the year.

Mr. Dwight, what is the amount of money necessary to be appropriated to match available State moneys for fiscal 1974?

Mr. DWIGHT. I am under the impression that that, if our estimates are correct, would be somewhere in the order of magnitude of $640 million or thereabouts.

Mr. BRADEMAS. Mr. Reedy, what is your answer to that question?

Mr. REEDY. It is the same. We receive from the States each spring a document called, "Program and Financial Plan," one item of which is an estimate of State funds available for matching. When we added those estimates from State financial program and financial plans projected for fiscal 1974, the amount was $644 million.

Mr. BRADEMAS. $644 million. Was this information made available, Mr. Dwight, to Mr. Flood?

Mr. DWIGHT. I am not sure whether that came up in the course of conversation or not. We have to check the transcript. My best recollection is that it did, but I cannot say.

Mr. BRADEMAS. Mr. Reedy.

Mr. REEDY. I do not recall this specific point having been raised in the hearing. We will have to check further to verify this.

Mr. BRADEMAS. I would suggest most respectfully, Mr. Dwight, that in view of the unique feature of the vocational rehabilitation legislature which unique feature I remarked upon earlier, namely, that States look to the authorizing figures, not the appropriations figures, in order to make judgments on how much money they are going to have to appropriate for matching. You have a responsibility to give accurate information to the committees of Congress on that matter. And I wonder if you feel you misled Mr. Flood in any way on this matter? It is quite clear you are not in agreement here among yourselves on what the figures are.

Mr. DWIGHT. I think the figure Mr. Reedy quoted is the accurate figure. I can only speak from experience in one State, and the only thing that we ever paid any attention to was the amount which was appropriated or the amounts under consideration in the appropriations process in governing the programs in the State of which I was a part.

I understand that it is quite commonplace that the authorization levels are extremely in excess of the amounts that are actually appropriated by the Congress. In fact, I am reminded of a story that I have heard Secretary Richardson indicate on several occasions. That is that if the programs in the Department of Health, Education, and Welfare were fully funded, the annual Federal cost of those programs would be somewhere near $250 million, which is an amount approximately equivalent to the entire budget of the United States.

Mr. BRADEMAS. Mr. Dwight, how long have you been in your job?

Mr. DWIGHT. Six months, approximately.

Mr. BRADEMAS. I have tried to be very restrained here this morning but I am rather embarassed to hear you say what you have just said. I am embarrassed for you, because if you listen to what I said earlier, there is a unique feature to this legislation.

I pointed out earlier—I will just quote what I said—

> As you know, rehabilitation legislation has been unique and the State allotments are based not on appropriations but on the funds authorized to be appropriated.

If you don't have that straight in your mind yet, you really are going to be in deep trouble in even understanding the program for which you have administrative responsibility. So you see, if you really believe what you said a minute ago about the relationship between authorized and appropriated amounts as a characteristic of the program which we have been discussing in these several hearings, then, it is small wonder to me that you have had such a difficult time in appreciating the thrust of some of my questions.

Do you understand what I am saying or are you not clear yet? I just want to be sure you understand what we are talking about here. Otherwise, I am going to have a hard time making my questions understandable.

Mr. DWIGHT. I understand up until this year, 1974, that it was necessary in the appropriations planning to use a figure which was different than the amount appropriated, larger than the amount appropriated which was to be used as a basis for allotting funds among the States and the law which was passed and signed in September provides that basis in law rather than requiring it to be placed in the appropriation language is a new feature in this program. I assume that is what you are talking about.

Mr. BRADEMAS. That is not responsive to the point I am trying to make Mr. Dwight but I am not going to take time now.

Mr. QUIE. Will the gentleman yield?

That leaves me befuddled because I thought we left the law exactly the way it had been before. Now, it is true before the authorizing figure was so much higher than that which was recommended to be appropriated and that the Appropriations Committee actually appropriated as well, that they brought the authorization figure down in the appropriation bill in order that it could operate properly but it is my understanding the law is the same.

It is just that the authorization figure was not so far out of line from what was appropriated that now it was not necessary for the Appropriations Committee to set a lower authorization figure.

Mr. DWIGHT. That is correct.

Mr. BRADEMAS. There is a statement, I understand, that Senator Cranston has put in the record within the last month that goes into this admittedly complicated arrangement in respect of this legislation.

Mr. Dwight, I note that on Friday last, the Senate Appropriations Subcommittee approved an increase in the basic program of approximately $35 million bringing the total basic program to the full authorization of $650 million.

Does the administration intend, in light of our discussions here, to endorse this increase?

Mr. DWIGHT. I would think not, Mr. Chairman. The proposal of the administration stands as we made it approximately 3 weeks ago for this $650 million. The question which was put in the Congressional Record by Senator Cranston which in essence was a legal opinion that the funds authorized in the statutes created an entitlement on the part of the States and thus would bypass the appropriations process for this particular program—that is in essence what Senator Cranston is talking about.

Mr. BRADEMAS. Let me go back to what Mr. Flood said because Mr. Flood, clearly, in his statement on the floor last week in opposition to the Gonzalez amendment, remarked that the HEW witnesses saw no problem on this particular matter.

Mr. DWIGHT. That is correct.

Mr. BRADEMAS. And said, here again, I am quoting Mr. Flood.

> We clearly had the impression

He is alluding to the HEW witnesses—

> that the amount requested is all that is required to make allotments on the basis of the authorized amount.

Then, he went ahead to say, and again I am quoting Mr. Flood as I did earlier,

> Let me say, Mr. Chairman, and let me tell the members of the committee

Here he is referring to the Committee of the Whole House—

> and my friends, we know whereof we speak, believe me. If later estimates from the State at any time show that matching funds are available so that the full amount of the authorization can be used, we expect that the Administration will request a supplemental appropriation later in the year.

Mr. Flood, who is an important man in these matters, is standing out before the House of Representatives relying obviously on what he has been told by the Department of HEW and he said and I quote again,

> We clearly had the impression that the amount requested

That means the amount requested by you, Mr. Dwight—

> the amount allowed in the Bill is all that is required to make allotments on the basis of the $650 million authorized in the authorizing Bill.

Mr. Flood said,

> If later estimates from the States at any time show that matching funds are available so that the full amount of the authorization can be used, the committee would expect a supplemental budget request.

Mr. Dwight, what I want to know is, are you going to ask for a second supplemental if Congress does not appropriate the full $650 million necessary to meet the Federal obligation to match the funds made available by the States?

Mr. Dwight. Mr. Chairman, I cannot make a judgment as to whether we will or won't. In the past, we have requested supplementals. Obviously the plans of the various States would be an important consideration in our determination of whether we should initiate a request for a suplemental but that is a judgment that I am going to have to decide, the Commissioner is going to have to decide, the Secretary is going to have to decide and the people who are involved in that kind of consideration before it goes to Congress and how much the Congress would have to consider if we requested a supplemental.

[From the Congressional Record, Dec. 19, 1973]

EXCERPT DEBATE—CONFERENCE REPORT ON H.R. 11576, MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR ENDING JUNE 30, 1974

Mr. Brademas. Mr. Speaker, will the gentleman from Texas yield?

Mr. Mahon. I am glad to yield to the gentleman from Indiana.

Mr. Brademas. Mr. Speaker, I appreciate very much the willingness of the distinguished chairman of the Committee on Appropriations to yield.

Mr. Speaker, I wonder if the chairman of the committee would allow me to put a question to the distinguished chairman of the Subcommittee on Labor-HEW appropriations.

Mr. Mahon. The gentleman may ask the question.

Mr. Brademas, Fine Mr. Speaker, I will direct the attention of the chairman of the committee to the debate in the House on the supplemental appropriations bill on November 30, 1973, when the gentleman from Texas (Mr. Gonzalez) offered an amendment to increase from $615 million to $650 million the amount of money for the basic State vocational rehabilitation program.

In response to the gentleman from Texas (Mr. Gonzalez) the gentleman from Pennsylvania (Mr. Flood) indicated his opposition to the amendment on grounds, to quote the gentleman from Pennsylvania (Mr. Flood) that "Some States are not able to come up with the necessary matching funds."

Then the gentleman from Pennsylvania (Mr. Flood) went ahead to cite testimony of HEW witnesses to the effect that there was no problem about the amounts of money for basic grants under the new law. Again, to quote Mr. Flood from the House debate of November 30, "we clearly had the impression that the amount requested is all that is required to make allotments on the basis of the authorized amounts."

Then the gentleman from Pennsylvania (Mr. Flood) went ahead to advise the House as follows: "If later estimates from the States at any time show that matching funds are available so that the full amount of the authorization can be used, we expect that the administration will request a supplemental appropriation later in the year."

The gentleman from Kansas (Mr. Shriver) on the minority side of the subcommittee, echoed the same point of view as Mr. Flood's with respect to a subsequent request for supplemental funds if they prove necessary.

Said Mr. Shriver, who like Mr. Flood, cited testimony of HEW witnesses before the appropriations subcommittee:

"We clearly had the impression that the amount requested, the amount allowed in the bill is all that is required to make allotments on the basis of the $650 million authorized in the authorizing bill.

"I would emphasize further that if later estimates from the States of matching funds are available and the full amount of authorization can be used, the committee would expect a supplemental budget request."

Mr. Speaker, on the 10th of December, in the authorizing subcommittee which I chair, in putting questions to the Acting Commissioner of Rehabilitation Services, Mr. Corbett Reedy, I asked him a question with respect to the amount of money necessary to be appropriated to match available State funds for fiscal year 1974 under the basic program, and Mr. Reedy responded: "$644 million."

I then asked Mr. Reedy and Mr. Dwight, who is the head of the Social Rehabilitation Service, if they had made that information available to the gentleman from Pennsylvania (Mr. Flood). I pointed out that would have been the honorable thing to have done.

Neither Mr. Dwight nor Mr. Reedy was able to assure our subcommittee that in fact they had made available such information to the gentleman from Pennsylvania (Mr. Flood). Expressions of concern with respect to this entire matter were also voiced on the minority side of the committee by the gentleman from Minnesota (Mr. Quie) and the gentleman from Idaho (Mr. Hansen).

Therefore, Mr. Speaker, I want to ask the chairman of the committee, if, in light of this information developed subsequently, that is, subsequent to the hearings of the Subcommittee on Appropriations and subsequent to the vote in the House on the amendment offered by the gentleman from Texas (Mr. Gonzalez) the committee would, in light of these assurances from Mr. Flood and Mr. Shriver, expect that the subcommittee would entertain favorably a supplemental appropriations request in order to make available adequate Federal moneys to match the available State moneys for the basic State vocational programs?

Mr. MAHON. Mr. Speaker, I will respond briefly to the gentleman's statement, and then I will ask the gentleman from Pennsylvania (Mr. Flood) to respond.

The Committee on Appropriations has taken another hard look at the requirements for appropriations for vocational rehabilitation. Of course, these appropriations are virtually mandatory to the extent that the States qualify for matching funds under the law and regulations, and since we got later information just prior to the conference that an additional amount would probably be required, we did provide additional funds in this conference report.

I believe the amount available now will be about $630 million rather than the $615 million which was provided in the House bill.

So there is no disposition on the part of the Committee on Appropriations to deny the necessary funds that can be spent.

As my friend knows, these funds have to be matched, and some States are not able to match their full allotment, and for that reason the total amount of the $650 million is not required at this time.

Of course, if it should be required later, and it could be established, then I am sure the Committee on Appropriations would look very favorably upon providing the necessary funds.

Mr. Speaker, I would like to yield at this moment to the gentleman from Pennsylvania (Mr. Flood), the chairman of the Subcommittee on Appropriations for Labor and Health, Education, and Welfare, for a statement in regard to this matter.

Mr. FLOOD. Thank you very much, Mr. Chairman.

There is very little I can add to what the distinguished chairman of the full committee has said. I recall very well the gentleman's discussion with me on the floor when the supplemental appropriation bill was before the House, and what he said is quite so. However, I was not aware of the discussions in the Committee on Education and Labor that you had with the people from downtown. But having been around here for awhile, after the bill passed the House, and before the conference with the Senate I did write to the Secretary, Mr. Weinberger, and, Mr. Speaker, I ask unanimous consent to insert at this point in the Record a copy of the letter I sent him raising this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The copy of the letter is as follows:

DECEMBER 13, 1973.

Hon. CASPAR W. WEINBERGER,
Secretary, Department of Health, Education, and Welfare,
Washington, D.C.

DEAR MR. SECRETARY: During the recent subcommittee hearings on the 1974 supplemental appropriation bill, I asked Mr. Dwight a series of questions about the budget request for basic State grants for vocational rehabilitation. Upon reexamining the printed hearing record, I find that the dialogue is not entirely clear on the question of the relationship of the appropriation request to the amount authorized for allotment.

As you know, the House approved the Committee's recommendation of $615,870,000 for basic State grants. This is the amount requested in the budget. During the hearings, the Committee was informed that State allotments for fiscal year 1974 will be computed on the basis of the authorized level of $650,000,000. Historically, there have always been some States which did not have sufficient funds available to match their full allotment. The Committee was led to believe that the reason the amount requested in the budget is below the authorized allotment level is because State matching funds are not available, and that the $615,870,000 would be sufficient to meet Federal matching requirements under the allotment base of $650,000,000.

When the supplemental appropriation bill was considered by the House, an amendment was offered to increase the appropriation for the basic grant program to $650,000,000. The amendment was narrowly defeated, but the related discussion did raise some question in my mind about the adequacy of the budget.

Since the Senate has included the full $650,000,000 in the supplemental appropriation bill, I would appreciate some clarification from you about the allotment level vis-a-vis the appropriation request. Specifically, I would like to know whether the amount requested is sufficient to match the amounts which the States are prepared to spend in fiscal year 1974 under the allotment of $650,000,000. If not, what additional amount is required, and do you plan to seek a supplemental appropriation to provide the necessary Federal funds?

The Committee may need this information very quickly so I would appreciate a prompt reply.

Sincerely,

DANIEL J. FLOOD,
Chairman, Labor-HEW Subcommittee.

Mr. FLOOD. I will not read the whole letter, but I might read this:

When the supplemental appropriation bill was considered by the House, an amendment was offered to increase the appropriation for the basic grant program to $650,000,000. The amendment was narrowly defeated, but the related discussion did raise some question in my mind about the adequacy of the budget.

Since the Senate has included the full $650,000,000 in the supplemental appropriation bill, I would appreciate some clarification from you about the allotment level vis-a-vis the appropriation request. Specifically, I would like to know whether the amount requested is sufficient to match the amounts which the States are prepared to spend in fiscal year 1974 under the allotment of $650,000,000. If not, what additional amount is required, and do you plan to seek a supplemental appropriation to provide the necessary Federal funds?

I received a reply, and I suppose quite properly so, to that letter from Mr. Carlucci, the Under Secretary of Health, Education, and Welfare.

I ask unanimous consent, Mr. Speaker, to insert at this point in the Record a copy of that letter.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The copy of the letter is as follows:

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., December 14, 1973.

Hon. DANIEL J. FLOOD,
Chairman, Subcommittee on Labor and Health, Education, and Welfare, Committee on Appropriations, Washington, D.C.

DEAR MR. FLOOD: This is in response to your letter of December 13 concerning the relationship of the appropriation request for basic State grants for vocational rehabilitation to the amount authorized for allotment for fiscal year 1974. The Department submitted a revised budget request for $615,870,000. The level authorized for allotment in the Rehabilitation Act of 1973 is $650,000,000.

When we discussed our fiscal year 1974 appropriation with you on November 6, 1973 at the hearing on our request for supplemental appropriations for Rehabilitation Services, we assumed that State requests for funds for Section 110 of the Rehabilitation Act would be met by the revised budget request of $615,870,000, which includes an increase of $26 million above the fiscal year 1973 level. It is important to bear in mind that our regular appropriations bill, on which Congress has completed action, also contains other substantial increases for State rehabilitation programs. The Supplemental Security Income Program will provide State Rehabilitation Agencies with an additional $26 million to purchase rehabilitation services for disabled SSI recipients. Another $24 million increase will be available to the State Rehabilitation Agencies from the Disability Insurance Trust Fund. Thus, the total increase in Federal funds for these programs in 1974 will be about $76 million.

However, with respect to our pending request for funds under the basic State grant program, there are indications that the States may have funds available under the $650 million allotment to match up to $637 million in basic State grant funds for vocational rehabilitation. The State estimates are tentative and we have not yet determined that the States can use funds above the level of the current Department request for appropriations. As soon after the first of the calendar year as these estimates can be more precisely evaluated, we will take another look at our budget request. If these State estimates prove not to be overestimated, we will at that time consider the need for a further supplemental.

Given the uncertainty of actual State requirements plus the large increases already requested, we would urge you to support the level contained in the House-passed supplemental bill.

I continue to feel that the total increase in fiscal year 1974 funds for vocational rehabilitation reflects a continuing Department commitment to substantial growth in these effective and deserving programs. I trust this information responds to your request.

Sincerely,

FRANK CARLUCCI,
Under Secretary.

Mr. FLOOD. What he says is:

However, with respect to our pending request for funds under the basic State grant program, there are indications that the States may have funds available under the $650 million allotment to match up to $637 million in basic State grant funds for vocational rehabilitation. The State estimates are tentative and we have not yet determined that the States can use funds above the level of the current Department request for appropriations. As soon after the first of the calendar year as these estimates can be more precisely evaluated, we will take another look at our budget request. If these State estimates prove not to be overestimated, we will at that time consider the need for a further supplemental.

My position is just as it was when I talked to the gentleman before. There is no doubt in my mind from what you have just told the House here as to what the facts are. I apparently did not have as much information as you have, and I would certainly feel—and I cannot imagine, those being the facts, that I would feel any different—that with the 1975 budget itself would come a request for a 1974 supplemental appropriation the very same day assuming the facts that the gentleman set forth.

Mr. BRADEMAS. Mr. Speaker, I thank the distinguished gentleman from Pennsylvania for his response, and I also thank the distinguished chairman of the committee for his response. I am grateful for their assurances that the Committee on Appropriations, to quote its distinguished chairman, "would look very favorably upon providing the necessary funds" to match available State moneys for the basic State vocational rehabilitation program if such additional funds should be required to match.

I ask unanimous consent to revise and extend my remarks and include as a part thereof certain passages from the transcript of the committee hearings to which I already alluded.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

I believe it important to note, Mr. Speaker, that the amount of money for the basic State program for fiscal 1974 in the authorizing bill signed by the President in September 1973 was $650 million. Nonetheless, the administration budget request—the revised request—for this program was $615,870,000.

Yet it is clear from the response of December 10, 1973, of the man who was actually running the program, the Acting Commissioner of Rehabilitation Services, Mr. Corbett Reedy, that the amount of money necessary to be appropriated to match available State moneys for fiscal 1974 is $644 million, actually, "slightly higher," to grant him, than $644 million.

Now Mr. Carlucci, in his letter to Mr. Flood, uses a figure of $637 million.

Mr. Speaker, it must be clear from these different responses that Members of the House are receiving from officials of the Department of Health, Education, and Welfare that all of us, and especially those on the authorizing and appropriations subcommittees that deal with the vocational rehabilitation program must look with a very skeptical eye at the information we are receiving.

This is a most important matter because, obviously, members of the appropriations committee must depend on accurate data from HEW in order to make recommendations to the House for appropriations on a program vital to the lives of so many handicapped Americans and their families.

So in order that Members of the House have a clearer picture of the concern which I have been expressing, I here insert part of the transcript of the hearings December 10, 1973, of the Select Education Subcommittee of the Committee on Education and Labor on the future directions of the Rehabilitation Services Administration. The hearings involved testimony by James S. Dwight, Jr., Administrator, Social and Rehabilitation Service, and Corbett Reedy, Acting Commissioner, Rehabilitation Services Administration.

The material to which I have referred follows:

Mr. BRADEMAS. This question follows one of our earlier conversations, Mr. Dwight, in respect of the basic State Grant Program authorized by Title I of the Rehabilitation Act of 1973. The Administration's 1974 request for this program was $609 million, approximately a $20 million increase over the 1973 estimate and, then, an additional amount was added to cover the grandfather clause with the result that the revised budget request was a total of $615 million to carry out Title I of the basic State program. Why was such a small increase requested?

Mr. DWIGHT. I think there are perhaps two other provisions which at least bear in my consideration and I am not sure I can recall the exact figures but your recollection is correct on the basic grants. The other two are the new program which stemmed from the commencement of the SSI program for adults and then, the continuing program dealing with SSI backing their trust fund activities which added about another $50 million increase into rehabilitation activities at the State level.

As you look at that, even with the significant reduction in training activities coming along, that we also discussed a week Friday, we, I think find somewhere in the order of magnitude of a little over a 12 percent increase in actual rehabilitation dollars available which seems to me to be a fairly healthy increase in your objective is sustained orderly growth in the program which, as I indicated earlier, I think is a sound objective.

Mr. BRADEMAS. Mr. Dwight, let me make this comment on your response, because I think it is important that as we discuss the basic program this morning, we understand how it works. As you know, the rehabilitation legislature has been unique in that the State allotments are based not on appropriations but rather on the funds authorized to be appropriated and, in effect, this feature amounts to an entitlement for rehabilitation purposes, provided that the individual States appropriate the necessary matching funds.

What, this means in effect, is that we have given the States an enormous incentive to appropriate the matching funds, and this is one of the reasons I think most of us are agreed, as I believe you are and I am, that the rehabilitation program has proved to be one of the most successful State-Federal programs.

But, Mr. Dwight, because this Administration has not been requesting enough Federal money necessary to meet the States matching funds, we now find ourselves in the astonishing position whereby the Federal Government has not appropriated enough money to match the funds that have been raised by the States.

I understand that last year fully 43 States had funds for which the necessary matching Federal monies were not available, and that the year before that, fiscal 1972, 25 States appropriated more money than the Federal Government could match. So we are in the curious situation here where the States seem to be doing their job in respect of providing monies for vocational rehabilitation but the Federal Government is not doing its job.

Finally, I would observe that although we have been, as you suggest, expanding these programs in the past years, and although more handicapped persons are being rehabilitated every year, you know as well as I, that the number of handicapped persons in the United States is increasing rather than decreasing, so the result has been that the percentage of handicapped persons who are being served is going down.

Realizing the budgetary measures to which you made reference, I recall that Mr. Reedy, in his testimony before the Labor-HEW Appropriations Subcommittee in the House body, said that at least 4 million handicapped persons in the United States are not receiving service.

I don't want to misrepresent these several issues, but if I am mistaken in what I have said, Mr. Dwight, I hope you will straighten me out here.

Mr. DWIGHT. I believe that your information is largely accurate. That is what I was alluding to earlier in this hearing. As far as I know myself, and Corbett would like to amplify this himself, I don't think you can reach the conclusion that 4 million persons are not being served for several reasons.

Some disabled persons cannot benefit from rehabilitation. I don't know what that conclusion might be.

Secondly, this program is not the only way in which people can be rehabilitated. By that, I mean there are other private sources and some people go through a process of rehabilitation without any assistance from anybody else. The outward bounds of disabled persons, i.e., the estimated 5 million, is at best an imprecise measure but perhaps you are trying to make the point that if more funds were available, then, more people could be served.

My view is that Governmental programs do not work well when they take large quantum jumps and it would seem to me a 12 percent increase is about as much as a program can rationally handle if it is on a sustained-growth pattern.

Mr. BRADEMAS. Sometime—not this morning—sometime I would like to get into a colloquy with you on generalizations such as "Government programs don't work very well when they make quantum jumps and 12 percent is about a rational increase." I am just hardheaded enough to want to know what the rationale is for generalizations of that kind, Mr. Reedy?

Mr. REEDY. Mr. Chairman, the estimates to which you referred that we presented at the appropriations hearings of the House subcommittee were derived from our long-range planning last fall in which we used 1970 census figures showing that there were 11,900,000 disabled persons in the age group between 16 and 64 that had significant disabilities.

We reasoned through pure estimating process, that half of those are engaged in suitable work or have made their vocational adjustment, leaving roughly six million disabled persons not in institutions who would be potential candidates for rehabilitation service.

Taking two-thirds of that number which would be four million, we think these could be solid candidates for which a successful rehabilitation outcome could be expected. So, in view of the fact that our program in 1973 fiscal year was able to enroll for the first time, one million people for the entire year and actually provide hard service for around 650,000 of that million rehabilitating 380,000, then, we have established a broad gap between the most conservative estimate derived from the sources I cited and the level of the program at the present time.

We do point out that the census figures did not include disabled persons in institutions and we have developed a substantial rehabilitation effort in institutions serving the chronically ill and disabled and, therefore, I would add these to the four million previously cited bring it roughly to the five million gross estimate.

Mr. BRADEMAS. Of those five million, how many would you estimate could be served by non-Governmental or privately supported vocational rehabilitation service?

Mr. REEDY. That is extremely hard to give you a good impression but I would doubt that the private sector in terms of comprehensive rehabilitation service as we attempt them under the public program, would be reaching more than 200 to 250,000 a year.

Mr. BRADEMAS. That is a rather small fraction, then, of the overall universe of need.

Mr. REEDY. There is today a close relationship between the private sector and the public program which has been deliberately developed in recent years in which they actually team up very frequently to serve a common client in which part of the service is given by the private facility or under private financing and services are supplemented through the public program and through the other program financing.

Mr. BRADEMAS. Mr. Dwight, to continue my line of questioning with respect to the Title 1 basic program, you will recall that our colleague, Congressman Gonzalez of Texas, moved a few days ago to amend the supplemental appropriations bill to increase the appropriation for carrying out the State program from $615,870,000 to $650 million which is the amount authorized in law—and I am sure you are aware that that move was defeated by only four votes.

It is very difficult to get the House to accept Amendments to an appropriations bill so when you come within four votes, that is very significant. One of the reasons, however, Mr. Dwight, that that Amendment did not carry was the fact that the distinguished Chairman of the subcommittee, Mr. Flood, indicated that he was under the impression that the committee was recommending all the appropriations that were necessary to meet and match available State monies and here is what Mr. Flood said, and I quote him from the debate on the Gonzalez Amendment: "Some States are not able to come with the necessary matching funds. Where this is the case, it would not be necessary to appropriate the full authorization. Do not members know that we know this? In the hearings, we spent a great deal of time on that specific subject for just this purpose. We thought there might be a problem in the amounts for basic grants under the new law."

Mr. Flood continued: "The HEW witnesses saw no problem and they planned to compute and made the allotments on the basis of the authorization and the amount that was requested. We clearly had the impression that the amount requested is all is required to make allotments on the basis of the authorized amount."

Mr. Flood went on:

Now "let me say, Mr. Chairman, and let me tell the members of the committee and my friends, we know whereof we speak, believe me. If later estimates from the States at any time show that matching funds are available so that the full amount of the authorization can be used, we expect that the Administration will request a supplemental appropriation later in the year."

Mr. Dwight, what is the amount of money necessary to be appropriated to match available State monies for fiscal 1974?

Mr. Dwight. I am under the impression that that, if our estimates are correct, would be somewhere in the order of magnitude of $640 million or thereabouts.

Mr. Brademas. Mr. Reedy, what is your answer to that question?

Mr. Reedy. It is the same. We receive from the States each spring a document called, "Program and Financial Plan", one item of which is an estimate of State funds available for matching and when we added those estimates from State financial program and financial plans projected for fiscal 1974, the amount was $644 million.

Mr. Brademas. $644 million. Was this information made available, Mr. Dwight, to Mr. Flood?

Mr. Dwight. I am not sure whether that came up in the course of conversation or not. We have to check the transcript. My best recollection is that it did but I cannot say.

Mr. Brademas. Mr. Reedy.

Mr. Reedy. I do not recall this specific point having been raised in the hearing. We will have to check further to verify this.

Mr. Brademas. I would suggest most respectfully, Mr. Dwight, that in view of the unique feature of the vocational rehabilitation legislature which unique feature I remarked upon earlier, namely, that States look to the authorizing figures, not the appropriations figures, in order to make judgments on how much money they are going to have to appropriate for matching, you have a responsibility to give accurate information to the committees of Congress on that matter. And I wonder if you feel you misled Mr. Flood in any way on this matter? It is quite clear you are not in agreement here among yourselves on what the figures are.

Mr. Dwight. I think the figure Mr. Reedy quoted is the accurate figure. I can only speak from experience in one State and the only thing that we ever paid any attention to was the amount which was appropriated or the amounts under consideration in the appropriations process in governing the programs in the State of which I was a part.

I understand that it is quite commonplace that the authorization levels are extremely in excess of the amounts that are actually appropriated by the Congress. In fact, I am reminded of a story that I have heard Secretary Richardson indicate on several occasions and that is that if the programs in the Department of Health, Education, and Welfare were fully funded, that the annual Federal cost of those programs would be somewhere near $250 million, which is an amount approximately equivalent to the entire budget of the U.S.

Mr. Brademas. Mr. Dwight, how long have you been in your job?

Mr. Dwight. Six months, approximately.

Mr. Brademas. I have tried to be very restrained here this morning but I am rather embarrassed to hear you say what you have just said. I am embarrassed for you, because if you listen to what I said earlier, there is a unique feature to this legislation.

I pointed out earlier—I will just quote what I said—"As you know, rehabilitation legislation has been unique and the State allotments are based not on appropriations but on the funds authorized to be appropriated."

If you don't have that straight in your mind yet, you really are going to be in deep trouble in even understanding the program for which you have Administrative responsibility. So you see, if you really believe what you said a minute ago about the relationship between authorized and appropriated amount, as a characteristic of the program which we have been discussing in these several hearings, then, it is small wonder to me that you have had such a difficult time in appreciating the thrust of some of my questions.

Do you understand what I am saying or are you not clear yet? I just want to be sure you understand what we are talking about here. Otherwise, I am going to have a hard time making my questions understandable.

Mr. Dwight. I understand up until the year we are in, 1974, that it was necessary in the appropriations planning to use a figure which was different than the amount appropriated, larger than the amount of appropriated which was to be used as a basis for alloting funds among the States and the law which was passed and signed in September provides that basis in law rather than requiring it to be placed in the appropriation language is a new feature in this program. I assume that is what you are taking about.

Mr. Brademas. That is not responsive to the point I am trying to make Mr. Dwight but I am not going to take more time on this particular matter now.

Mr. Quie. Will the gentleman yield?

That leaves me befuddled because I thought we left the law exactly the way it had been before. Now, it is true before the authorizing figure was so much higher than that which was recommended to be appropriated and that the Appropriations Committee actually appropriated as well, that they brought the authorization figure down in the appropriation bill in order that it could operate properly but it is my understanding the law is the same.

It is just that the authorization figure was not so far out of line from what was appropriated that now it was not necessary for the Appropriations Committee to set a lower authorization figure.

Mr. Dwight. That is correct.

Mr. Brademas. There is a statement, I understand, that Senator Cranston has put in the Congressional Record within the last month that goes into this admittedly complicated arrangement in respect of this legislation.

Mr. Dwight, I note that on Friday last, the Senate Appropriations Subcommittee approved an increase in the basic program of approximately $35 million bringing the total basic program to the full authorization of $650 million.

Does the Administration intend, in light of our discussions here, to endorse this increase?

Mr. Dwight. I would think not, Mr. Chairman. The proposal of the Administration stands as we made it approximately three weeks ago for this $650 million. The question which was put in the Congressional Record by Senator Cranston which in essence was a legal opinion that the funds authorized in the statutes created an entitlement on the part of the States and thus would bypass the appropriations process for this particular program—that is in essence what Senator Cranston is talking about.

Mr. Brademas. Let me go back to what Mr. Flood said because Mr. Flood clearly, in his statement on the Floor last week in opposition to the Gonzalez Amendment, remarked that the HEW witnesses saw no problem on this particular matter.

Mr. Dwight. That is correct.

Mr. Brademas. And said, here again, I am quoting Mr. Flood, "We clearly had the impression"—he is alluding to the HEW witnesses—"That the amount requested is all that is required to make allotments on the basis of the authorized amount."

Then, he went ahead to say, and again I am quoting Mr. Flood as I did earlier, "let me say, Mr. Chairman, and let me tell the members of the committee"—here he is referring to the committee of the Whole House—"and my friends, we know whereof we speak, believe me. 'If later estimates from the State at any time show that matching funds are available so that the full amount of the authorization can be used, we expect that the administration will request a supplemental appropriation later in the year."

Mr. Flood, who is an important man in these matters, is standing out before the House of Representatives obviously relying on what he has been told by the

Department of HEW, and he said and I quote again, "We clearly had the impression that the amount requested"—that means the amount requested by you, Mr. Dwight—"the amount allowed in the Bill is all that is required to make allotments on the basis of the $650 million authorized in the authorizing Bill.

Said Mr. Flood, "If later estimates from the States at anytime show that matching funds are available so that the full amount of the authorization can be used," the committee would expect a supplemental budget request.

Mr. Dwight, What I want to know is, are you going to ask for a second supplemental if Congress does not appropriate the full $650 million necessary to meet the Federal obligation to match the funds made available by the States?

Mr. Dwight. Mr. Chairman, I cannot make a judgment as to whether we will or won't. In the past we have requested supplementals. Obviously the plans of the various States would be an important consideration in our determination of whether we should initiate a request for a supplemental but that is a judgment that I am going to have to decide, the Commissioner is going to have to decide, the Secretary is going to have to decide and the people who are involved in that kind of consideration before it goes to Congress and how much the Congress would have to consider if we requested a supplemental.

Mr. Brademas. Clearly Mr. Flood is operating on the assumption that you have been giving him the truth and I think he is going to be very upset because he opposed the Gonzalez amendment, as I have reiterated here.

I will stop now and yield to the gentleman from Minnesota for such questions as he may wish to put.

Mr. Quie. On that subject, was Mr. Flood speaking for HEW or was he just giving his expectation?

Mr. Dwight. Congressman Quie, I had no discussions with Congressman Flood so I cannot speak from my own personal knowledge. The statements that he made, I think are largely consistent with the testimony that we presented to his subcommittee. We did say that the amounts being requested were adequate to meet the program needs, in our judgment.

I am sure we said that because otherwise, we would have had a little trouble supporting what we were recommending. I have no recollection of any discussions with the Appropriations Subcommittee of whether or not there would be supplementals. Do you, Corbett?

Mr. Reedy. Not that I recall.

Mr. Brademas. If the gentleman would yield, I would just observe that Mr. Flood is a very busy man, too, and that he has to rely on you to give him the information necessary for his subcommittee to make their judgments, and I should have thought that it would have been the right course of action for you to have supplied to Mr. Flood accurate, up-to-date information on the amount of State matching monies available. That would have been the honorable thing to have done.

Mr. Dwight. Mr. Chairman, I do not perceive the role in this program or any other program to be merely appropriating funds necessary to match what the States may or may not appropriate themselves.

Mr. Quie. The question leaves me in doubt. I notice Mr. Shriver also spoke of discussions in the hearings with HEW and he said, "We clearly had the impression, the amount requested, the amount allowed in the Bill is all that is required to make allotments on the basis of the $650 million authorized in the authorizing Bill."

Mr. Flood. The conferees agreed to $630,000,000 for vocational rehabilitation basic grants. The House bill included $615,870,000 and the Senate bill included $650,000,000, so the amount agreed to by the conferees is a fair compromise.

As I said before when this bill was before the House, I know that the authorization for basic grants is $650,000,000 and that allotments to States are computed on the basis of the authorization. You know, and I know, that States must come up with sufficient local funds to match the Federal allotment. Believe me, if all States could match the full amount I would be the first one to recommend it. But the committee has been told by HEW that all States cannot match their full allotment.

At this point, we do not know how much the States can use this fiscal year. HEW tells us that it may be $637,000,000. It may be more, or it may be less. The conferees agreed to $630,000,000 as being within the rule of reason. If it is not sufficient, we would expect a supplemental budget request later in the fiscal year.

Mr. Brademas. Clearly Mr. Flood is operating on the assumption that you have been giving him the truth and I think he is going to be very upset because he opposed the Gonzalez amendment—as I have just reiterated here.

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> We clearly had the impression, the amount requested, the amount allowed in the Bill is all that is required to make allotments on the basis of the $650 million authorized in the authorizing Bill.

I recall that as well when we were working on the authorizing bill we needed something like $650 million—we used the figure $610 million. Mr. Shriver went on and said:

> I would emphasize further that if later estimates from the States on matching funds are available and the full amount of authorization can be used, the committee would expect a supplemental budget request.

I cannot tell from this if there was any promise or not or if this was just an expectation that these people would have from an impression they got from HEW.

Mr. Dwight. I cannot recall any conversations we have had—and I have been listening out of both ears—and the people from the legislative unit in HEW are not aware of any conversations where we may have even through implication made any commitments to request a supplemental.

Mr. Quie. In the last fiscal year, you had a budget request of $610 million, if I recall, and subsequently did not ask for more but rather asked for less in the revision of the budget and cut it down to $590 million; is that correct?

Mr. Dwight. I believe it was $560 million and then, there was in very late July or August, after the year had closed, an additional $30 million appropriate in the last supplemental.

Mr. Quie. It was $560 million the year before and for 1973, the request was for $610 million and subsequently, there was a revision of the budget and it was $590 million which was $30 million over the year before.

Mr. Dwight. I believe the program was operating at the $560 million level when I became administrator.

Mr. Quie. It was operating at the $560 million level because of the nature of the first continuing resolution, if I remember correctly. That is why you could not go up to $590 million and the rationale, as I understand it, is that it was late in the year, in the fiscal year and, therefore, the full $610 million could not be utilized.

Mr. Dwight. I think the appropriation called for funds to be available for one of the rehabilitation acts. This was vetoed and as a consequence, the language was inoperative. Those funds were finally secured through the supplemental and then, as I recall, there was some further mixup in the language of the appropriation act and that had to be sent back and be modified and that is why it became available so late in the year.

So actually, I would assume some of the benefits of this funding would be accruing in the current year rather than last year so the 12-percent increase I spoke about is probably somewhat understated.

Mr. Quie. At what spending level have you been operating under now until you get your bill finally passed?

Mr. Dwight. $590 million would be the continuing authorization level which we are presently operating under. However, with the supplemental, which was the subject of hearings in both the House and the Senate, now moving, that would be modified upward to $615 million or whatever is ultimately in the law, or in the appropriations.

Mr. Quie. If this finally becomes law later on this month, there remains not much over 6 months of the fiscal year. If you are spending at $590 million now then you would get $615 million. That is a $25 million difference. Since it is available for half the year, that would be an increase on an analyzed basis of $50 million additional.

Mr. Dwight. That is correct.

Mr. Quie. Or $540 million.

Mr. Dwight. Mr. Reedy might want to comment on that a little further. However, many of the States anticipate the passage of at least the amount requested by the administration. As a consequence, some of the States may be spending at a level above an annual rate of the $590 million, anticipating that the funds would be made available through the appropriation process at least at a level consistent with the administration request.

Mr. Quie. So some of them are spending on an annualized basis of $615 million because that is what they expect. Would any of them be spending at a higher annualized basis than $615 million.

Mr. Reedy. Mr. Quie, the only official information given to the States was based on the present budget of $610 million and each State was given an estimate of what this might provide to them so that they may use it to plan operations in 1974 until the actual appropriation was passed.

The addition of $6 million, in order to adjust the minimal State allotments upward, is so small that that would have made no difference in the States' plans. We tend to be somewhat coservative using the actual administration's request as our basis of projecting expenditures.

Mr. Quie. If the Congress should pass a supplemental appropriation bill at $650 million, as the gentleman from Indiana indicated it was very close in the House, and if they do pass it, then, the Senate, with a pretty substantial majority, this may be the figure of the supplemental appropriation bill.

That, then, would be $60 million over the rate at which you are spending now available for half of the fiscal year. Therefore, it would be an annualized spending rate of $120 million additional.

Mr. Reedy. Mr. Quie. I understand it would be only $40 million above. Our present rate of spending is $610 million, and if $650 million were appropriated, that would be $40 million, rather than $60 million, above the current estimates.

Mr. Quie. Then, you and Mr. Dwight are giving two answers here because Mr. Dwight said you are spending now at $590 million and you are saying you are spending at $610 million.

Mr. Reedy. Let me correct that because you could get that impression.

We are authorized to reimburse the States on a $590 million basis. But in anticipation of a minimum figure of $610 million, which is in the present budget, we have supplied the States with 10 different estimates on that figure. We assume, without having any hard facts, that they have been projecting their rate of spending for the entire year on the $610 million method, but that is just my assumption.

Mr. Quie. How about last fiscal year when you had a budget request of $610 million and you finally scaled it to $590 million? Were you at that time giving the impression to the States that you would be getting the $610 million so they could spend accordingly and, therefore, were they caught off-guard when you moved it down?

Mr. Reedy. Yes, that, in effect, happened. We did provide information that the expected level of appropriations would be $610 million. You will recall that figure was appropriated by the Congress and was signed by the President. I believe the President signed the bill, and later it was ruled not to be effective because of a reference to an act that had been vetoed.

So, there was a realistic basis on which States could project their estimates on the $610 million level. Since we later reverted to the $560 million level, there were reported dislocations and hardship among the States because of that uncertainty.

Mr. Quie. Why did you revise the budget to $590 million, then, instead of staying at $610 million? It would not be as much of a hardship if you had reverted to $560 million as you are required to do. The States were spending at the level of $610 million. Why was it necessary to move down to $590 million?

Mr. Reedy. My recollection is this action came in the closing weeks of the fiscal year and, in fact, was not finally acted upon until 2 weeks after the close of the fiscal year. So a revised estimate, from the $50 million down to $30 million, was made as being adequate to take care of the States' matching requirements at that point because they had earlier scaled down their operations below what they had originally started with.

Mr. **Quie**. With that explanation, my suggestion that we go to $650 million appropriations means $60 million—the difference from $590 million—would not be accurate; rather we should talk about you going to $650 million, that would be $40 million above what has been anticipated by the States, therefore, being available for only half of the fiscal year would be at an annualized basis of $80 million additional. Would that be accurate?

Mr. **Reedy**. I rather doubt if it would work out exactly that way. In the first place, there is a cost-of-living increase in the operation of a State agency, and to fit their operations this year back to last year's level means that they have restrained expenditures for case service and so forth in order to maintain staff.

The second half of the year has always been the heavier part of the expenditure of most State agencies, and spreading that over the whole year does not mean that they would have to pick it all up just in new operations in the last half of the year, in my opinion.

Mr. **Quie**. So, in other words, there is justification for having an appropriation figure higher than the $610 or even $615 million?

Mr. **Reedy**. As reported earlier in the last 2 years, many States have spent substantially more than the amount for which they received Federal matching. If we pick up this margin alone, then, there would be a good portion of the extra $40 million consumed.

Mr. **Quie**. How much of the $40 million additional would be consumed to fund the programs that they now have in operation adequately because of the squeeze, as you indicated, staying at last year's anticipated level? How much of the $40 million would be used for that and how much of the $40 million additional if Congress appropriated it would then have to go for new programs?

Mr. **Reedy**. I would be unable to give an exact figure, but on the basis of the expenditure reports of last year in which States could have claimed higher Federal matching, we could reach an estimate on that and supply it.

Mr. **Quie**. If you could do that.

Then, the other question I have is what kind of capability is there in the States now to fully utilize that amount of money which would be the difference between the estimate that they could easily use over the $610 million because of the inflation you talked about and the full $40 million.

There is a chunk of money in there that is more than was just picked up because of inflation. How quickly can you start a new project and how adequately could they utilize that money?

Mr. **Dwight**. One of the things that occurs to me, Congressman Quie, is that if we generalize, we would probably reach an erroneous conclusion. In other words, you would have to look at each State on the basis of information we do not presently have, I don't believe.

In other words, what the States are doing, what their legislatures have appropriated, what kind of flexibility they have, these factors would have to be examined on an individual State basis. We do not presently have that information. That is not to say we could not get it, but it would probably take a while to get it if our past experience in garnering information from the States is any indication.

Mr. QUIE. How long a time are you talking about?

Mr. DWIGHT. A couple of weeks.

Mr. BRADEMAS. Mr. Reedy, don't you have the information on what the States estimate they can put up? The committee has it and I therefore ask unanimous consent to place it in the record at this point.

[Material referred to follows:]

ESTIMATED GRANTS SECTION 110, REHABILITATION ACT OF 1973 BASED ON MATCHING STATE FUNDS AVAILABLE WITHIN ALLOTMENT

State or territory	Fiscal year grant	Fiscal year 1974			
		Allotment	Grant award		
			Initial amount	Adjustment to 1973 level	Total
Total	[1] $589,000,000	$650,000,000	[2] $644,348,895	[3] $5,904	$644,354,799
Alabama	16,312,594	16,520,996	16,520,996		16,520,996
Alaska	1,000,000	2,000,000	2,000,000		2,000,000
Arizona	6,216,415	6,636,824	6,636,824		6,636,824
Arkansas	9,339,001	9,396,179	9,396,179		9,396,179
California	38,496,941	45,574,771	43,468,000		43,468,000
Colorado	6,631,607	7,241,789	7,241,789		7,241,789
Connecticut	4,655,559	5,452,351	5,331,276		5,331,276
Delaware	1,184,597	2,000,000	2,000,000		2,000,000
District of Columbia	4,570,583	4,912,518	4,922,518		4,922,518
Florida	21,904,059	24,235,857	24,235,857		24,235,857
Georgia	17,772,326	18,041,707	18,041,707		18,041,707
Hawaii	1,971,752	2,000,000	2,000,000		2,000,000
Idaho	2,913,725	3,061,942	3,061,942		3,061,942
Illinois	21,202,454	23,901,007	23,901,007		23,901,007
Indiana	8,419,080	16,183,860	14,393,580		14,393,580
Iowa	8,371,992	9,366,134	9,366,134		9,366,134
Kansas	5,106,000	6,658,163	6,239,332		6,239,332
Kentucky	13,068,000	14,194,273	14,194,273		14,194,273
Louisiana	15,326,300	16,261,755	16,261,755		16,261,755
Maine	2,719,494	4,218,237	4,218,237		4,218,237
Maryland	8,912,809	9,927,846	9,927,846		9,927,846
Massachusetts	11,927,091	13,742,698	13,742,698		13,742,698
Michigan	20,905,453	22,902,421	22,902,421		22,902,421
Minnesota	11,077,678	12,011,927	12,011,927		12,011,927
Mississippi	11,926,404	11,930,650	11,930,650		11,930,650
Missouri	14,398,864	15,515,902	15,514,000		15,514,000
Montana	2,543,314	2,693,551	2,693,551		2,693,551
Nebraska	4,457,275	4,753,179	4,753,179		4,753,179
Nevada	1,000,000	2,000,000	2,000,000		2,000,000
New Hampshire	2,301,176	2,638,283	2,638,283		2,638,283
New Jersey	14,208,628	15,223,335	15,223,335		15,223,335
New Mexico	4,203,824	4,570,745	4,570,745		4,570,745
New York	31,722,323	34,039,210	34,039,210		34,039,210
North Carolina	21,098,722	21,364,858	21,364,858		21,364,858
North Dakota	2,472,049	2,596,361	2,596,361		2,596,361
Ohio	28,438,820	30,567,658	30,567,658		30,567,658
Oklahoma	9,796,666	10,325,153	10,325,153		10,325,153
Oregon	6,237,747	7,037,538	7,037,538		7,037,538
Pennsylvania	32,890,629	34,988,268	34,988,268		34,988,268
Rhode Island	2,368,561	2,854,341	2,854,341		2,854,341
South Carolina	12,185,163	12,268,618	12,268,618		12,268,618
South Dakota	2,553,792	2,797,832	2,797,832		2,797,832
Tennessee	15,617,500	17,409,300	17,409,300		14,409,300
Texas	39,421,219	41,203,702	41,203,702		41,203,702
Utah	4,208,263	4,607,945	4,607,945		4,607,945
Vermont	1,559,402	2,000,000	2,000,000		2,000,000
Virginia	15,807,310	16,133,701	16,133,701		16,133,701
Washington	8,271,283	9,659,625	9,659,625		9,659,625
West Virginia	7,924,812	7,918,909	7,918,909	5,904	[4] 7,924,812
Wisconsin	12,628,762	14,783,717	13,578,668		13,578,668
Wyoming	1,107,302	2,000,000	2,000,000		2,000,000
American Samoa		177,684	177,684		177,684
Guam	524,291	559,377	559,377		559,377
Puerto Rico	16,727,965	17,847,420	17,847,420		17,847,420
Trust Territory		669,130	664,672		664,672
Virgin Islands	382,424	410,753	408,016		408,016

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[1] Excludes $1,000,000 for the evaluation of the vocational rehabilitation program.

[2] Distribution based on State funds reported in the program and financial plan, May 1972, as available for the basic support program, sec. 110, for fiscal year 1974, with a minimum grant of $2,000,000.

[3] Adjustment required by sec. 110(d) to bring State's grant to fiscal year 1973 amount.

[4] Authorized under sec. 111(a).

Mr. **Reedy.** We have an estimate as of April on the amount of State funds available for matching fiscal 1974.

Mr. **Brademas.** Would that amount in your judgment, from your experience, be increased or decreased since April? Here we are in December.

Mr. **Reedy.** I would be unable to say, whether it has changed significantly. Most States, by April, had their firm appropriations.

Mr. **Brademas.** If most States by April had their firm appropriations, then a reasonable corollary of that response is there is little likelihood they would have changed several months later. Isn't that true?

Mr. **Reedy.** Among all the State agencies, some of them every year change somewhat. Generally, the changes are toward increases rather than toward decreases in their estimates. So it would be slightly higher.

Mr. **Brademas.** It would be slightly higher?

Mr. **Reedy.** Slightly.

Mr. **Brademas.** Therefore the members of the House-Senate Conference Committee on this matter ought to be able to have a reasonable judgment already as to the amount of moneys the States have available to match Federal funds. Is that not true?

Mr. **Reedy.** Yes.

Mr. **Brademas.** That is true?

Mr. **Reedy.** Yes, sir.

Mr. **Quie.** Let me also ask you, Mr. Dwight, in section 407 there is going to be a State allocation study. You are supposed to report back by June 30, 1974. I am looking forward to that study because I have a feeling that if the facts of the case on this formula were presented to the Members of the House of Representatives they would want to change it.

It just happens that the majority of Senators fare better than a majority of House Members on this formula, the way a formula is written. There was a Senator from the Southern part of the Nation who had a little influence on the way this thing was written. I noted this last time.

Our Northern colleagues are becoming more and more aware of that and I don't think we are going to extend this formula just the way it is next time. In fact, I am not going to be in accord with extending it just the way it is next time either.

Now, we need the results of that study. How are you progressing on that study? What kind of action have you taken and when can we expect to get the report on it?

Mr. **Dwight.** You can expect to get the report as the law requires. That was one of the efforts we have presently underway in the implementation of the new law. In other words, we got our marching orders on September 20 when the law was signed by the President, and we are proceeding toward a design of this effort along with several others which will provide us with information and options so that Congress can consider them.

This is, as I understand it, a problem that has been with us for some period of time and has been the source of some agitation on the part of the States that do not think they are getting as fair a shake as they would like to see on the allocation formula.

Mr. **Quie**. Are you going to contract that study out?

Mr. **Dwight**. At this point in time we don't know. I would assume we would have to go at least in part, to the outside in order to get all the information we would need in order to make a reasonable presentation to Congress.

Mr. **Quie**. When do you expect you will have that contract out then? It takes a while. You cannot do it on May 30, you know.

Mr. **Dwight**. It is one of many things we are doing. We are trying to do them all at the same time. If this was all we had to do in the implementation of the new law, then we would be further down the road now. But we have three major efforts; the establishment of a new office in the Secretary's Office, the question of where the work is actually going to be done, the methodology to be used, and the development of regulations governing the new program which we talked about earlier. We have all these issues that we are concerning ourselves with currently.

Mr. **Quie**. I can only assume then by your answer that you do not have any idea of when you are going to get going on it?

Mr. **Dwight**. We are in the early planning stages right now.

Mr. **Quie**. I would like to know when this is going to be in operation because it takes a while to do that study and do it adequately and again here it is the end of December and if they are not ready to go full blown in January, I think we are going to have serious trouble getting the kind of answers we want.

I think it takes 6 months to do that study. If you get going in January that is going to be less than 6 months. Surely you have to have it going so they have at least 5 months to operate.

Mr. **Dwight**. One of the problems we have is we do not have the funds to do the work currently, and that is part of the request that we have pending in the supplemental for the program.

Mr. **Quie**. I recognize you are not going to get the money before December is up so you could not have done it before now, but it seems to me the planning should have gone on so we would know the contract would be let and decisions could be made.

Mr. **Reedy**. Mr. Quie, anticipating the short deadline on this study and the importance it has, our staff has been pulling together extensive tables and other references to the manner in which the formula has been working in recent years. We would be able immediately to supply to the study team or the contractor this kind of background information that would give some head start on understanding the problem.

Mr. **Quie**. The next question I have is, Who is going to decide who is the most severely handicapped? We give the preference in new legislation to the most severely handicapped. Are you going to leave this entirely to the State? Are they sending in their State plan to you and how is this in operation now?

How are you going to put that new program into effect? The new law goes into effect the 24th, I guess it is, of December? What has transpired so far between you and the States in implementing that aspect of the new law?

Mr. Dwight. Let me give you a general answer, and I am sure Corbett would want to amplify that. Both the interim regulations and the final regulations will have to address the issue of the definition of severely handicapped or severely disabled. Those are the issues that we are talking about and we will be talking about this afternoon in our discussion with the congressional staff.

I am sure that there have been some discussions as there was some concern, if you recall, as that legislation came out of conference, as to the definition. I believe the record supporting the legislation has some specific statements supporting exactly what the Congress did mean in establishing that emphasis on services to the severely disabled. It also is going to this continuing concern about whether there is an inordinate amount of creaming going on in the program itself which is one of the things we have to address as we move forward. But in terms of the actual discussions with the State, Corbett has been handling that, and he might want to answer that.

Mr. Reedy. We take with extreme seriousness the mandate in the act that the persons with most severe disabilities be given priority in the program. A preliminary look at 1973 rehabilitations reveals that there is a steadily growing impact on the severely disabled in the program now. Our recent efforts in regard to the spinal cord injured and such has been taking us in this direction.

We realize there is a major task ahead of us in redesigning the intake system and the service system itself so that substantially larger numbers of persons, the more severely disabled, will be located and activated in the service stream.

The regulations will specify the act's requirements of the States in this respect, in the development of the State plan guide which will also set forth the requirements on the States for specifying how they shall go about effectuating this priority. These will be very specific.

In fact the preliminary State plan drafts, which are going out in anticipation of this December 24 date in order to have them in a position to continue operations, is stressing this very point, so that as of this time the priority is operative.

Then we have a group of State and Federal staff members working on the development of a white paper and program operation guidelines that will deal with this subject in depth and that is expected to be released very soon.

We have spent a good deal of time on an attempt to further define for operational purposes who is to be considered a severely handicapped person. The definition in the act is somewhat vague when it gets down to operational application.

We understand its meaning and we mean to observe it meaningfully. But we are trying to amplify this in terms that every counselor, every State administrator can clearly understand in terms not only of what he is committing himself to do but also in terms of how well he will put this into operation and achieve the goal that we all seek.

Mr. Quie. This has been studied in some States and they have come to some conclusions on how to implement it. In your discussion with them will you be taking into consideration their views of how they can implement?

Mr. Reedy. Definitely.

Mr. QUIE. When do you think this will be in place? It is my understanding of the law that when the new law goes into effect the State plans will continue in operation so there will not be disruption. When do you think there will be full implementation?

Mr. REEDY. We have been aiming at the first of the third quarter which would be January 1, or thereabouts, as the point where formally in this country we will begin to make this change from current operations to the new operations.

That will involve doing an inventory of the current caseloads in order to get a base figure as to how many severely disabled there are now so as to provide us a means in the coming reporting periods of allowing both the State administrator and the RSA to track the progress toward the increase of the severely disabled coming into the caseload.

Mr. QUIE. I anticipated you would get started right after Christmas, but I was talking about when you would complete it, when the final regulations would be in place and in operation in all the States.

You begin the first of January, but when will you have it complete? When will the final regulations be out?

Mr. REEDY. We see that this is involving a considerable turnaround of the State programs and that turnaround operation will begin in January according to our present plans.

Mr. QUIE. When will they be turned around?

Mr. REEDY. This will take quite a while. This is something that could not be accomplished merely by issuing a policy document because there are clients in process with more moderate disabilities whose rehabilitation we shall proceed to complete I would assume. They would be replaced subsequently with persons with more severe disabilities in the future. I would give my personal opinion that to author a rehabilitation service system of the magnitude that we have, in order to accomplish this purpose, that the coming year will be one of making this change.

Mr. QUIE. You think it will take the year? By the end of next calendar year it will be employed?

Mr. REEDY. This would be my estimate.

Mr. QUIE. It kind of reminds me of the 1954 decision that they move ahead with all deliberate speed and people thought they would for a while and after a while they started getting impatient so I think the speed increases if there is a knowledge of when the deadline is.

I have also noted that there is a tendency to wait until awfully close to the deadline. Even Congress operates that way, so it is evidently a human frailty because we are certainly filled with plenty of human frailties here in Congress. That is why I think it is important that you do set a deadline within the year.

It seems to me that if you say 1 year it is going to take that long for them to get it done.

If I could ask just another question. I am not fully aware now of the opening questions of Mr. Brademas made of Mr. Dwight on the Arizona plan. Now you reversed that and I understand you looked over the guidelines and said it did not fit the guidelines. Have you given this information to Arizona orally? Have you not given them anything in writing? Would that be correct?

Mr. DWIGHT. No; Congressman Quie. Last Friday we were advised by HEW general counsel that the plan which we discussed at the last hearing for the State of Arizona was in conflict with HEW regulations and as soon as that information was made available to us we communicated that to the State. I believe they were advised in writing on last Friday of that fact.

Mr. QUIE. Then, could we or maybe the Chairman has already asked, we could get a copy of that communication?

Mr. DWIGHT. We would have to get that from San Francisco because that is where the notification came from. I notified the San Francisco office of it on Friday, and I believe they got a wire out to the State.

Mr. QUIE. I would also then like to have you provide the guidelines to show us where it does not conform with the guidelines as the general counsel has indicated, so we can see that and I believe the gentleman from Indiana indicated it was contrary to the law as well.

That being the case, could you also take a look at that subject and see if it is, and to what extent it is. Because I think it would be good for us to see in writing what the proposal was in Arizona and where it does not conform with the guidelines and also where it does not conform with the law if that be the case.

Mr. DWIGHT. My understanding is that there are no problems in the law only with the regulations.

Mr. QUIE. Then I would like to have that in writing to us so we could look that over and then come to our conclusions on the matter.

The other thing I would ask you is evidently there was some feeling on the part of those administering the program—probably yourself or maybe the people in San Francisco—that the Arizona plan was a wise move; that had it not been for the guidelines it would have continued to be approved.

Could I also then get from you the kind of flexibility and latitude that you thing ought to be in the guidelines because it seems to me guidelines can be changed as long as they are within the law and second, what changes ought to be made in the law in order to permit what you think ought to be the flexibility out in the States to operate their program. I could say similar to Arizona or of that nature, and then the reasons why you think that would be wise, because then it gives us a chance prospectively to take a look at the direction where at least the Department thinks they ought to go.

We tend to react I think in a way where we get upset if you do something that seems either contrary to the law or what we thought was intended in the law, but I think Congress is also willing and is more likely to act favorably to the idea if they get the reasons behind it.

That is also helpful to administrators as well, to get the point of view of the Congressmen because they have a relationship with the individuals in the State and on a little different basis than an administrator does.

Mr. DWIGHT. We will be happy to give you that information which I guess implicitly will be a factor in the development of regulations prospectively to govern the program. But I think the key point here is your earlier statement—and I indicated to Chairman Brademas before you came in—that there is some indication that the results in Arizona have been extremely favorable.

If that is the case, that would certainly support our desire to provide the maximum flexibility to the State that the law allows.

Mr. QUIE. The last question I would have is in the intervening time, since you were here before, have you anything further on the questions I asked where in section 3 of the act it appears to me that unless you come to the Congress and submit a plan for delegation that the regionalization—meaning the way the authority will operate in the regional office—will have to cease on December 24 and you will have to bring those regional people back here or else keep them out there where they are directly responsible to the Commissioner rather than in the regionalization that is being proposed.

Have you not any more on that? As I recall, you said that looks like the way the law reads. You might have to do that?

Mr. DWIGHT. Your interpretation is correct, as I understand it. Under our present set-up we would not be able to delegate authority to the regions without going to either an organizational change or providing as the law requires a notice to the Congress of our intention to delegate otherwise.

Those are under consideration, and we have to make a decision as to which way we are going to do on the short term before December 25 and in the longer term presumably as the Congress comes back next year.

Mr. QUIE. So you have not come to any conclusions, then?

Mr. DWIGHT. No.

Mr. QUIE. Thank you, Mr. Chairman.

Mr. BRADEMAS. Mr. Hansen?

Mr. HANSEN. Thank you, Mr. Chairman.

First, I would express my disappointment at what appears to be a misunderstanding with respect to the administration's intentions on requesting supplemental authorization or supplemental appropriations communicated to the House at the time the Gonzalez amendment was under consideration.

I might note that many of the Members who were strong supporters of this program relied on the accuracy of the representations made by Mr. Flood and by Mr. Shriver, both of whom have long records in support of the rehabilitation program, and on the assurances that in the event additional funds could be utilized within the current authorization that the administration would make a request for such funds in the second supplemental appropriations bill.

I just say that to give some indication of what the likely result will be in the House in the event it is accepted—and I understand this may well be the case—that the full amount of the authorization could be effectively utilized and that the States are prepared to match moneys at that level.

Let me talk a little bit about the numbers that we are dealing with here. We have talked about authorization levels and funding levels. I would like to put into perspective the numbers that we are serving and may serve in this program.

I would also preface that by noting that there is probably not another program with a track record that can match this one in terms of repayment on the investment, that is repayment in dollars, repayment in human values and other considerations.

The record also shows that there are a great many that could utilize the services of this program to good advantage but are not able to take advantage of it because of the limitation of funds.

So, with that background, let me ask first of all if you can give me the number of handicapped persons who were served by the State Federal vocational rehabilitation program under the $590 million appropriated for fiscal year 1973?

Mr. DWIGHT. If I might, Mr. Congressman, go back just a moment and clarify what I said in response to the earlier questions. I am not aware that the administration has made any commitment to seek a supplemental appropriation. I am not aware that they have precluded that possibility. I was not even aware that the issue was on the table, and it is conceivable that I am just unaware of some conversations that have taken place.

Mr. HANSEN. I am not suggesting there was any deception. My only point is that much of the action on the floor was based on the assumption of the accuracy of the statements Mr. Flood made and if there is evidence later that additional funds can be utilized and the administration does not make a request for those funds in the second supplemental, the House will be disappointed in the extreme. I think that is to understate it.

Mr. DWIGHT. The information we have as to the funds that the States might be able to utilize based upon their April estimates is $644 million; that is our best present estimate as contrasted with the $615 million that we are requesting.

Mr. HANSEN. Are you telling me now that you have no information that would on which you could base a judgment that the States could utilize an appropriation at the $650 million?

Mr. DWIGHT. Our information is that they would not be able to utilize $650 million. The second point on those persons being served under the program—and I think Corbett would want to expand on this—but we are currently at a level of about $1 billion or 1,375,000 persons being served. Is that correct?

Mr. REEDY. That is high.

We had, in 1973, 1,100,000 people enrolled in the program. That is slightly different from the number served. We feel that about 800,000 of those actually received training treatment, prosthesis and so forth. Of that number, 360,000 were closed as rehabilitated because on the caseload at any given time there are persons awaiting service.

That is why the figure exceeded 1 million for the first time in 1973. We estimate about 1,250,000 different persons will be enrolled in the program for consideration in 1974.

Mr. HANSEN. I wanted to pursue that with respect to 1974. Reference has been made to the rising cost of living. We have all seen the effects of inflation and these programs are not immune any more than any others. But in view of those elements, can you tell us how many additional in each of the categories that I described are being served or may utilize the program in one way or another under the amount of money that was requested for fiscal year 1974?

Mr. REEDY. Our estimates of numbers served originate many months—over 12 months before actual use. We are all acquainted with the serious inflation that has occurred. This affects rehabilitation programs as well as any other form of service.

So, the States report to us that the $26 million extra that the administration recommends for 1974 will practically all be eaten up by this inflation factor.

Mr. HANSEN. So that no more will be served?

Mr. REEDY. So that it will be under those figures. That is the word that we have from the States.

Mr. HANSEN. What if we are to appropriate at the $650 million level? How many additional then might be served?

Mr. REEDY. That is approximately—over the $616—that is approximately a 7-percent increase, I believe. Six and one-half percent, something of that sort. Therefore, something like a 5-percent increase there, counting inflation, might be possible.

Mr. HANSEN. Now reference was made in the earlier discussion to the increasing emphasis on serving the severely handicapped and indeed there was a mandate in the law and a mandate that you have recognized and alluded to in your testimony.

Is it now true that to serve the severely handicapped will cost significantly more per person?

Mr. REEDY. Mr. Hansen, I am glad you raised that question. It was the subject of specific remarks on my part at the recent appropriations hearings. There is no question that moving to serve the more severely disabled will have a downward effect on gross numbers. It will have an effect, a very substantial effect on the average cost per rehabilitation. It will also stretch out the period of rehabilitation because we know that the more severely disabled require services over a longer period of time.

Therefore, the numbers which we have been using, in my opinion, are unrealistic. We are going to have to develop through experience in the new program, which emphasizes severely disabled, a new set of basic figures.

Mr. HANSEN. If I understand you correctly then what you are saying is that if we do not increase our funding at a rate faster than inflation reduces the value of the dollar, and if we carry out the mandate to serve the severely handicapped, the result will be an actual decrease in the numbers who will be served under this program?

Mr. DWIGHT. I am not sure you can reach that conclusion in the absence of hard data. We show, and I testified to the effect, that based on early information that we had, that there would be, at the 615 level, a noticeable increase in the number of persons being served.

That is based upon the existing law and the existing program. Regarding the questions that Congressman Quie asked as to how quickly you can turn this program around, experience is going to be the indicator.

Generally, Mr. Reedy is stating the obvious. That is, as you increase the ratio of persons with severe disabilities, obviously your costs are going to go up. But in terms of reaching any absolute conslusions, I don't think we are in a position to do that, one; and two, when we talk only about the basic State grant program, we ignore two other programs which are being significantly increased, the trust funds program under social security and the new SSI program which, between the two of them, represent approximately a $50 million increase in providing rehabilitation service to disabled persons.

So, you have to look at the whole thing before you reach any conclusions.

Mr. HANSEN. Looking at those served under the programs under discussion here, I cannot conclude other than that if you only increase the funds at a level that maintains the value of the dollar and if at the same time it is costing more per person by reason of our emphasis on serving the severely handicapped then the numbers that are going to be served will describe in absolute terms.

Mr. DWIGHT. I don't think I could reach that conclusion. I can't disagree with you either, but I don't see it having that marked a change, certainly not in the current fiscal year that we are in. From the point of view of the funding sources, the State agency is the delivering agent and in this case they can look in three different places for funding for rehabilitation.

So you have to look at the whole of the funding sources in order to determine what the program is going to be at the State level.

Mr. HANSEN. I think the answer is going to lie in our experience perhaps in the next few months. I won't pursue that now, but let me ask one final question bearing largely on the testimony in our earlier hearing where we heard from witnesses who represented themselves as speaking for those that administer the State programs. As I recall the testimony it was that there was a very broad consensus among those that administer these programs and the consensus was one of great alarm over the harm that might come as a result of some of the plans in the making within your department.

My question is if what you propose, as you indicated, is designed to help them, to strengthen these programs, why has there been such a failure in communication to persuade those who are closest to where the action is that these moves will be helpful rather than harmful?

Mr. DWIGHT. I cannot accept that there has been this kind of a communication failure. I think you have to recognize that we have a new law which has significant changes, one of which is the question of severe disability that we have just been talking about.

That law was signed on September 26. We were under very severe, but appropriate time constraints in terms of implementing this law. In other words, we had 90 days to commence at least the transition and issue new regulations. There may be a concern on the part of the States that they are not participating in the actual drafting of those regulations.

However they will participate fully before the regulations are finalized, and there is no question about that, and there never has been a question about that.

As to the concern about organization at the regional level, which was another point that the gentleman from Florida made, I believe there are some changes which are in the process of consideration. What changes and whether they are appropriate is something only time will tell.

The gentleman from Texas I think talked about the training programs, which we also covered at length when I testified. I believe you were here at that time. I was trying to think what some of the other questions are. There was some discussion about the way the program operated pre-1967 and the fact that there was more autonomy particularly at the Federal level, but also at the State level for the rehabilitation program. There was an expression I believe that that was a better way to operate the program than what we presently are thinking about and what many of the States have on their own determined that they wish to see changed in the interests of better coordination of service delivery which presumably yields more effective, better service to all persons who are receiving Governmental service, whether it be rehabilitation or whatever.

I think that generally summarizes the points of concern that I heard reflected.

I think you have to recognize that there has been a prolonged period of uncertainty in this program. And some of the factors are that it took a while to get the legislation extended. It has taken us longer than it should have to appoint a permanent Commissioner, and these are some of those kinds of questions which I guess, if I was sitting at the State level, I would be concerned about.

But I think that, when we get finished, there will be support for what we are trying to accomplish in the program.

Mr. Hansen. I would just express the hope that there will be, as you move toward the final decisions the most far ranging consultation with the State directors so that if some of these fears are based on misapprehensions that they will be laid to rest.

Thank you, and thank you, Mr. Chairman.

Mr. Brademas. Mr. Dwight, following a couple of the questions that have been put to you by Mr. Hansen, I would ask you this question, after the following observation.

On the 24th of December, the old law expires and the new law becomes effective. As Mr. Reedy, I believe, is today retiring—and let the Chair take advantage of this opportunity to express to you, Mr. Reedy, the warm appreciation of the Members of this subcommittee and the committee and, indeed, of all the Members of the House of Representatives, to you for your most distinguished service over many years to the rehabilitation of handicapped persons.

I think you have a record of which you have every right to be justly proud and we are very grateful to you for what you have done.

Mr. Reedy. Thank you, Mr. Chairman.

Mr. Brademas. But in light of your retirement, and in light of the fact, Mr. Dwight, that as of Christmas Eve you will have total authority unless a delegation is made by the Secretary, and in light of the fact that Congress will be in recess and that a delegation of authority would not be possible because the Secretary under the Statute is required to submit such delegation request to Congress, who is going to be running the program in that period of hiatus?

Mr. Dwight. Mr. Reedy will function as the Commissioner until the end of this month at which time his retirement is going to be effective. I am most appreciative of the fact that Corbett has been willing to extend and extend and extend his planned retirement, and I accept his decision that it must be this month with a great deal of reluctance, because even in a very short period of time, I have grown to rely heavily on his judgment and his knowledge of this program.

As a consequence it will be very difficult to find somebody who will be able to carry the program assuming that we have not announced a permanent Commissioner by the end of this month and thus is probably a valid assumption.

But, I would assure you, as Chairman of this subcommittee, and anybody else, that the program will not languish and that it will be given adequate and strong leadership consistent with the law. This means that the authority for operation of the vocational rehabilitation act will move entirely to the Commissioner—it will be with the Secretary presumably delegated to the Commissioner commencing December 24.

But who that individual will be, come January 1, I am not prepared to discuss that at this point in time.

Mr. Brademas. Are you saying, Mr. Dwight, that you are confident that you will have a Commissioner as of January 1?

Mr. Dwight. I am confident we will have an acting Commissioner who will be well qualified to assume this responsibility.

Mr. Brademas. Just two other matters.

Could you submit to the subcommittee, Mr. Dwight, a chart—I think we made this request at the last hearing—showing the links of authority between the organization of SRS at the Federal and regional levels? [Material referred to appears in appendix.]

Mr. Dwight. I have organization charts of the 10 Federal regions here which I brought in response to that request. I am not sure if that is totally responsive in light of the comments you just made we are talking about entire SRS.

Mr. Brademas. Correct.

Mr. Dwight. On the basis of current organization?

Mr. Brademas. Correct.

Mr. Dwight. I did not bring that along with me because I did not understand what you wanted.

But we can get that to you this afternoon as it is published in the Federal Register. That would be the way we are presently structured to operate.

Mr. Brademas. Thank you.

Finally, let me ask a question, returning to some of Mr. Quie's follow-up questions on the Arizona plan. That the State of Arizona comes within the San Francisco regional office is relevant to my questions because I understand there has been considerable turnover in that regional office.

I wonder if you can give us some comment on the change of personnel in the office of SRS regional Commission out there?

Mr. Dwight. In San Francisco?

Mr. Brademas. Yes.

Mr. Dwight. The only turnover that I am aware of is the regional commissioner retired at the end of June of last year.

Mr. Brademas. That was who?

Mr. Dwight. Mr. Schaeffer. The process of selection is a slow one. Hopefully we are in the process of finalizing a selection in that office at the present time.

Mr. Brademas. Who is the acting SRS regional commissioner in San Francisco at this time?

Mr. **Dwight**. At the present time it is Mr. Ostrum—he is the associate commissioner for management out there. That was commencing today. Prior to that time, Mr. Sylvester had been detailed out there, but that detail expired on Friday.

Mr. **Brademas**. As of today Mr. Ostrum has replaced Mr. Sylvester as the acting SRS commissioner of San Francisco, is that correct?

Mr. **Dwight**. That is correct.

Ms. **Betts**. Mr. Sylvester was acting there for a period of 120 days at the end of which we had expected a permanent appointment. The 120 days has elapsed and we did not have time to extend that through the Civil Service Commission process.

Mr. **Brademas**. I will not follow further on the line of questions I have been engaged in here, but I think you have perhaps detected that there is a degree of apprehensiveness in my tone of voice when I ask you why there are several changes in view of some of the disagreements about the Arizona plan.

Mr. Dwight, I did not understand, from what you said, is Mr. Reedy leaving his office, physically leaving his office today or is he remaining until the end of the year?

Mr. **Dwight**. His retirement is official at the end of the year. He plans to spend the balance of the year or the balance of the month on annual leave. That is my present understanding, so he is not going to be around very much between now and the first of January.

Mr. **Brademas**. So who will be the person who will be actively in charge of making decisions in view of Mr. Reedy's retirement?

Mr. **Dwight**. I assume it is—whenever Mr. Reedy is out of the office somebody else takes his place and—in other words, there is a normal chain of command that goes down through the agency.

Mr. **Brademas**. Like Calvin Coolidge's famous observation, "When people are out of work, unemployment results."

I am not trying to be difficult, Mr. Dwight, I just want to know who is going to run the RSA program with Mr. Reedy gone.

Mr. **Dwight**. Mr. Reedy will be in charge of the program until the first of January.

Mr. **Brademas**. I thought you told me he was leaving the office today?

Mr. **Dwight**. But he is not leaving the employ of the agency today.

Mr. **Brademas**. Who is going to be there? What is the name of that human being?

Mr. **Dwight**. Mr. Eschelman is second in command at the agency.

Mr. **Brademas**. Eschelman? Mr. what Eschelman?

Mr. **Reedy**. Mr. William Eschelman.

Mr. **Brademas**. What is his title?

Mr. **Reedy**. Assistant Commissioner for Special Programs, but in the months past he has been serving as Acting Deputy Commissioner, assisting me in the overall task of administering the agency.

Mr. **Brademas**. Would one assume Mr. Dwight until you get an acting commissioner or a permanent commissioner that Mr. Eschelman will be the acting commissioner? I am not trying to be difficult.

Mr. **Dwight**. Not necessarily.

Mr. **Brademas**. I just want to know who is going to be the person responsible. Suppose Mr. Reedy is gone. We have this discussion this afternoon among members of your staff on the question of the regulations. Whom do we ask for when we telephone there?

Mr. DWIGHT. Mr. Eschelman, unless we determine that we want to designate somebody else as the acting commissioner in Mr. Reedy's absence, in which case we would have to take an affirmative action.

[Material supplied to the committee subsequent to the hearings follows:]

DECEMBER 19, 1973.

To: The Secretary.
From: The Administrator, SRS.
Subject: Delegation of Authority to Administer Titles I, II, and III of Public Law 93-112, the Rehabilitation Act of 1973.

Pursuant to sections 3(a) and 400(b) of Public Law 93-112, a delegation of authority from the Secretary to the Commissioner of the Rehabilitation Services Administration for administration of Titles I, II, and III of this Act (including, but not restricted to, authority for approval of State plans, projects, and grant awards from funds under this Act) is proposed to become effective December 25, 1973. This is the effective date of Public Law 93-112.

The plan is that as an interim arrangement, I shall request the Regional Commissioners of SRS to detail a high-level Regional SRS staff member in each Region to the Commissioner of RSA. Upon redelegation by the Commissioner, this Regional Office staff member will review such State plans and projects and act upon them. This is proposed as an interim procedure pending submission to the Congress of a subsequent delegation of authority.

Attached is a memorandum for your signature to accomplish this purpose.

JAMES S. DWIGHT, Jr.

Attachments.

To: The Administrator, SRS.
From: The Secretary.
Subject: Delegation of Authority to Administer Titles I, II, and III of Public Law 93-112, the Rehabilitation Act of 1973.

Effective December 25, 1973, and pursuant to sections 3(a) and 400(b) of Public Law 93-112, I hereby delegate to the Commissioner of the Rehabilitation Services Administration the authority to administer Titles I, II, and III of the aforementioned act. This includes, but is not restricted to authority to approve State vocational rehabilitation plans, projects, and grant awards.

CASPAR W. WEINBERGER.

DECEMBER 26, 1973.

To: Regional Commissioners, SRS.
From: Administrator, Social and Rehabilitation Service.
Subject: Detail of Personnel to RSA Commissioner.

The Rehabilitation Act of 1973 becomes effective on December 25, 1973. Section 3 of the Act establishes the Rehabilitation Services Administration as the principal agency for conducting the programs under Titles I through III. This Section further provides that the delegation of functions of the Commissioner cannot be made to any other officer not directly responsible to the Commissioner unless the Secretary shall first submit a plan for such delegation to Congress.

In order to provide for the proper administration of this Act, I am requesting that you detail to the Commissioner of RSA, a high level staff person, fully knowledgeable of the Rehabilitation [illegible]ogram, for a period of 90 days. This staff person shall, subsequent to final [illegible]tion by the Commissioner, exercise all authority delegated to him under the [illegible]itles I through III of the Rehabilitation Act of 1973.

Please submit the name of the individual being detailed to the Acting Commissioner of RSA by Friday, December 28. A copy should be transmitted to me.

Additionally, prepare and process immediately the necessary personnel action documents related to this detail.

Thank you for your cooperation.

JAMES S. DWIGHT, Jr.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
December 27, 1973.

To: The Administrator, SRS.
From: The Acting Secretary.
Subject: Delegation of Authority to Administer Titles I, II, and III of Public Law 93–112, the Rehabilitation Act of 1973.

Effective December 25, 1973, and pursuant to sections 3(a) and 400(b) of Public Law 93–112, I hereby delegate to the Commissioner of the Rehabilitation Services Administration the authority to administer Titles I, II, and III of the aforementioned act. This includes, but is not restricted to authority to approve State vocational rehabilitation plans, projects, and grant awards.

FRANK C. CARLUCCI.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
Washington, D.C., January 31, 1974.

Mr. JACK DUNCAN,
Counsel, Select Subcommittee on Education, Rayburn House Office Building, Washington, D.C.

DEAR MR. DUNCAN: As you requested, I am enclosing a copy of the delegation of authority from the Commissioner, Rehabilitation Services Administration to the newly designated Regional Rehabilitation Representatives in the Regional Offices.

Pursuant to the provisions of the Rehabilitation Act of 1973, Section 3(a) and Section 400(b), delegation of functions of the Commissioner cannot be made to any other officer not directly responsible to the Commissioner, unless the Secretary shall first submit a plan for such delegation to the Congress.

In order to carry on the rehabilitation program under the new Act, the Administrator has detailed one person in each Regional Office to the Commissioner of the Rehabilitation Services Administration for a period of ninety (90) days, so that certain functions of the Commissioner can be delegated to and administered by the newly designated Regional Rehabilitation Representative of the Rehabilitation Services Administration.

The persons detailed and receiving the delegations are the same individuals who served as Associate Regional Commissioners, they are:

REGIONAL REHABILITATION REPRESENTATIVES, RSA

Region I (Boston)—John Szufnarowski
Region II (N.Y.)—Anthony DeSimone
Region III (Phila.)—Seth Henderson
Region IV (Atlanta)—Shelton McLelland
Region V (Chicago)—Ralph Church
Region VI (Dallas)—H. B. Simmons
Region VII (K.C.)—George Kester
Region VIII (Denver)—Jim Ballantyne
Region IX (S.F.)—Dale Williamson
Region X (Seattle)—Gerry Mann

If I can be of further assistance, please advise.

Sincerely yours,

JAMES R. BURRESS,
Acting Commissioner.

Enclosure.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
December 27, 1973.

From: Acting Commissioner, RSA.
Subject: Delegation of Authority to Administer Selected Functions of Titles I, II, and III of Public Law 93–112, the Rehabilitation Act of 1973.

Effective December 27, 1973, pursuant to Section 3(a) of Public Law 93–112, you are designated Regional Rehabilitation Representative for the Rehabilitation Services Administration.

I hereby delegate to you the authority to administer certain functions of Titles I, II, and III of the aforementioned Act. This includes the authority to approve State vocational rehabilitation plans, projects, grant awards, and such other functions as may be described in later communications.

CORBETT REEDY.

Mr. Brademas. Thank you. Mr. Lehman?

Mr. Lehman. I just want to ask you one question. In my district which is southern Florida, we have a great number of the elderly and the handicapped, who are especially interested in the programs.

Two of the problems they do have is transportation, and getting in and out of public buildings. In regards to Section 502, title 5, the section on the transportation and architectural barriers, what is happening there, and what appropriations are you asking for that could gravitate down to south Florida and make it easier on the people we have in this part of the country, especially.

Mr. Dwight. We have requested an appropriation of $300,000 in the supplemental, which is now pending, to support the board. The members of the board are designated in the statute and that will be an effort which, since the funds are available, we will bring into place from an operational point of view.

Mr. Lehman. The $300,000 is to be used for exactly what again?

Mr. Dwight. The necessary support of the activities of this board.

Mr. Lehman. That is all I have, Mr. Chairman.

Mr. Brademas. The Chair would like to ask unanimous consent that there be inserted at the appropriate point in the record a statement from Mr. Sam McConnell, chairman of the Health and Welfare Committee of the Legislature of the State of Arizona with respect to the Arizona plan.

[The material referred to appears in appendix:]

Mr. Brademas. Unless any other member of the subcommittee has a question, the chairman would like then to again thank Mr. Dwight and Mr. Reedy and Ms. Betts. I think these hearings have been very useful.

I would be constrained to tell you, Mr. Dwight, there are still questions that we want to ask that we have just not had time to put to you because we are anxious to have every Member have an opportunity to put questions in as much depth as he chooses to do and so when we get back in January, the Subcommittee will be back in touch with you again at that time and we will have another at least another day or two of hearings, at which we can put to you some of the questions which we, as I say, have not yet had time to ask and second put to you any questions which may have arisen out of whatever developments may have occurred in the next several weeks in that the new law will becoming into effect.

So, again, we want to thank you all very much for having been so patient with our questions. It has been most helpful indeed and again, Mr. Reedy, the best of luck to you.

[Whereupon, at 12:15 p.m., the subcommittee recessed, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

LETTER OF TRANSMITTAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
Washington, D.C., January 8, 1974.

MS. GLADYS WALKER,
Clerk, Select Subcommittee on Education, Rayburn House Office Building, Washington, D.C.

DEAR MS. WALKER: I am sending copies of the materials requested of HEW to be inserted into the record of the VR oversight hearings of November 30 and December 10, 1973. The materials are appropriately marked in accordance with the following listing:

1. November 30:
    - (*a*) Letter of plan approval to Arizona.
    - (*b*) Detailed description of the history and analysis of the Arizona plan.
2. December 10:
    - (*a*) Copy of HEW/GC opinion on legality of Arizona plan.
    - (*b*) Description of the "need" for VR program generally.
    - (*c*) Letter of disapproval to Arizona.
    - (*d*) Description of advantages of Arizona plan.
    - (*e*) Charts on SRS organization.

With regard to the status of the planning document that was a topic of the August hearings, the Assistant Secretary for Planning and Evaluation, William A. Morrill, has advised me that as plans near final development, we will meet to discuss the evaluations. We expect this to occur in February 1974. Mr. Morrill agreed in November to share these plans with the Committee.

With regard to the request for the guidelines which served as the basis of the disapproval of the Arizona plan (see page 50 of the December 10 transcript), I believe that the General Counsel opinion, which is insert "a" of the December 10 materials, is responsive.

Finally, inasmuch as the Supplemental Appropriation Bill became law on January 3, the State allocation study will commence immediately (see page 43 of the December 10 transcript).

Sincerely,

JOAN W. HUTCHINSON,
Deputy Assistant Secretary for Legislation (Welfare).

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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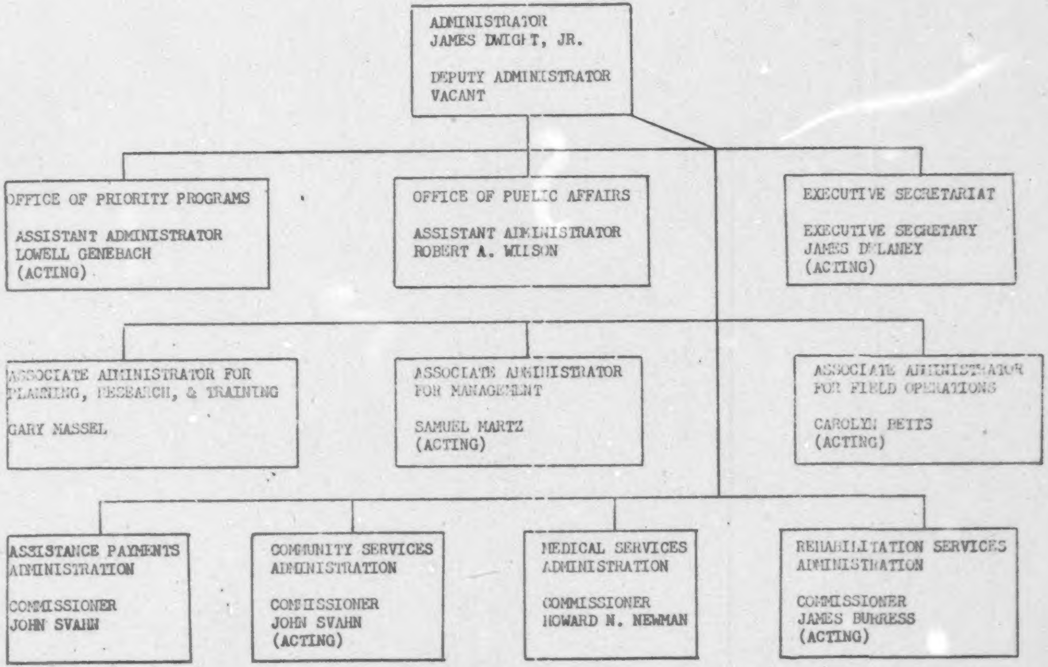
ADMINISTRATOR
JAMES DWIGHT, JR.
DEPUTY ADMINISTRATOR
VACANT
OFFICE OF PRIORITY PROGRAMS
ASSISTANT ADMINISTRATOR
LOWELL GENEBACH
(ACTING)
OFFICE OF PUBLIC AFFAIRS
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JAMES DELANEY
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GARY MASSEL
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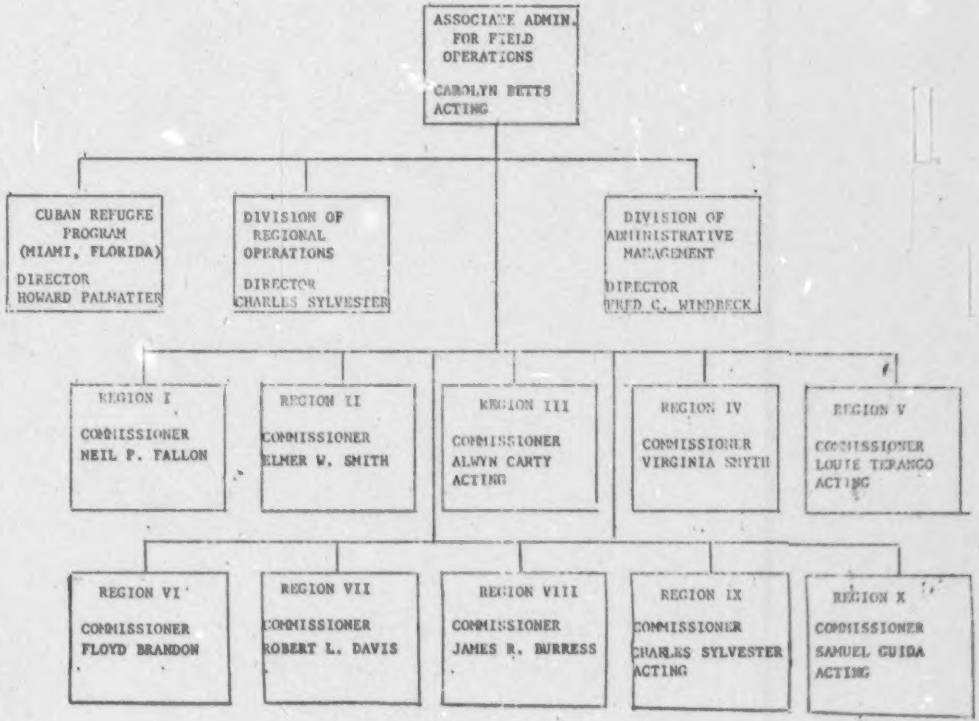
ASSOCIATE ADMIN.
FOR FIELD
OPERATIONS
CAROLYN BETTS
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CUBAN REFUGEE
PROGRAM
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DIRECTOR
HOWARD PALMATIER
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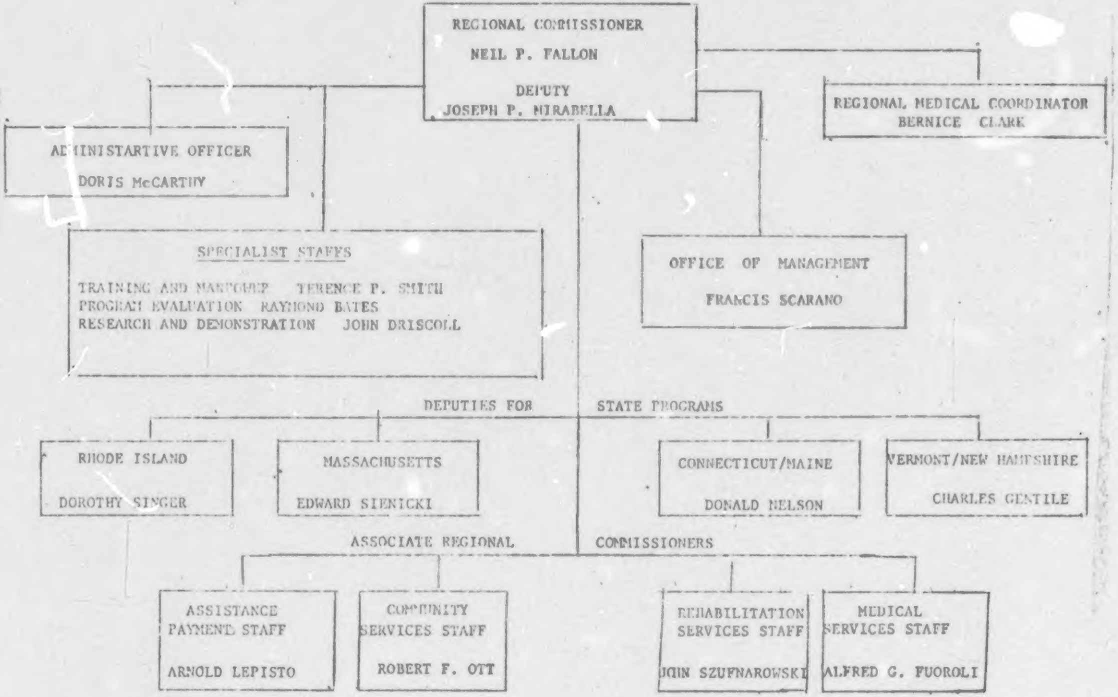
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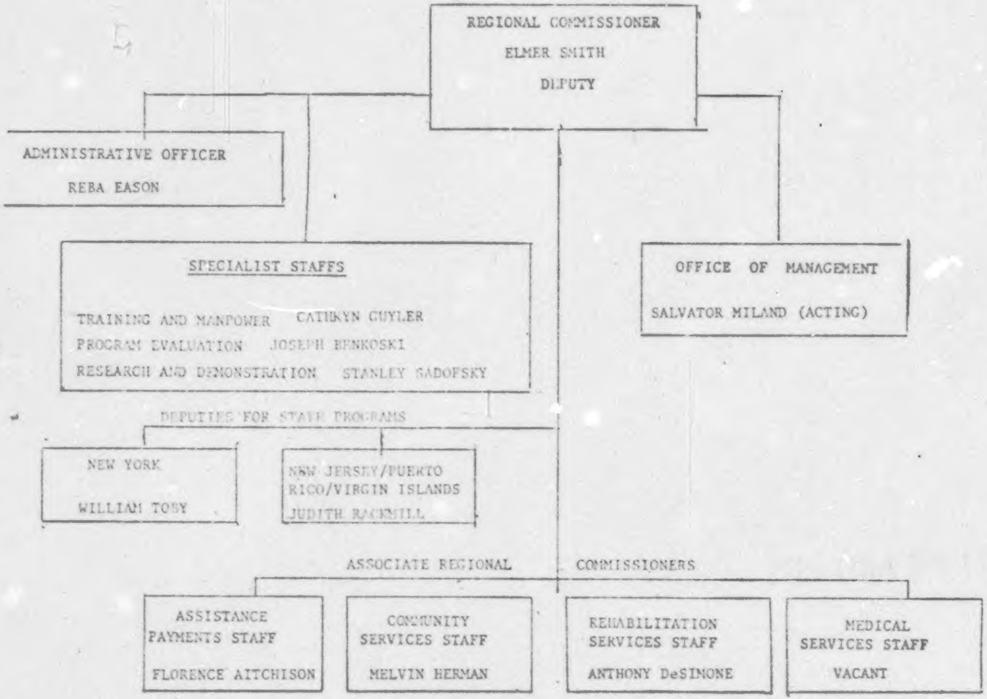
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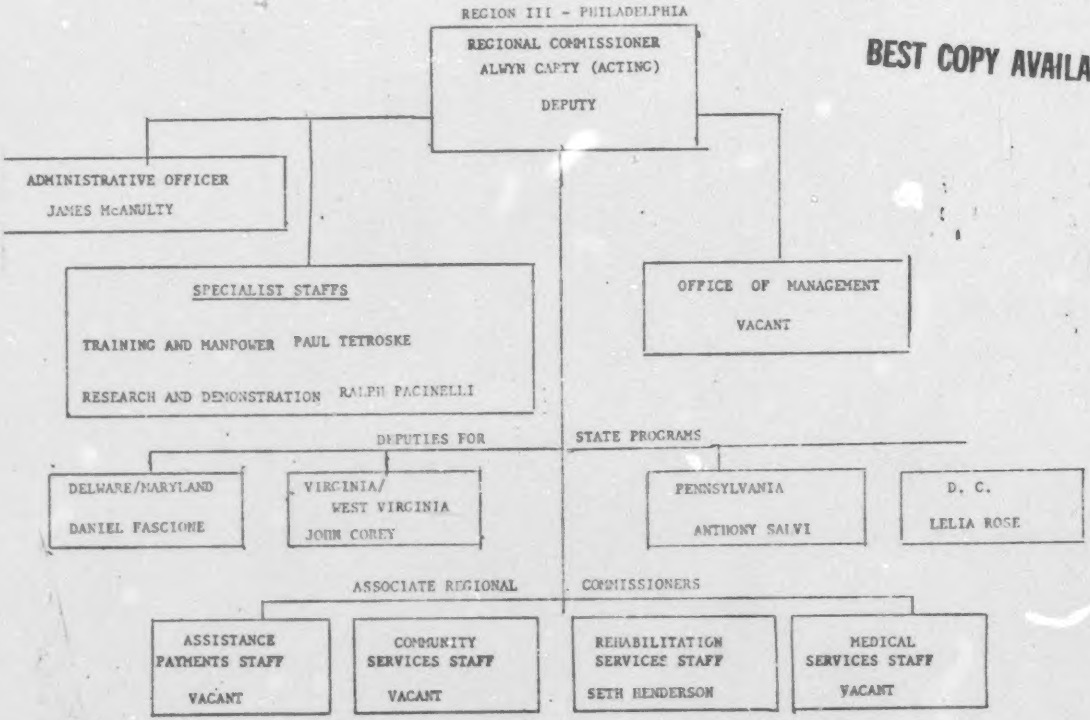
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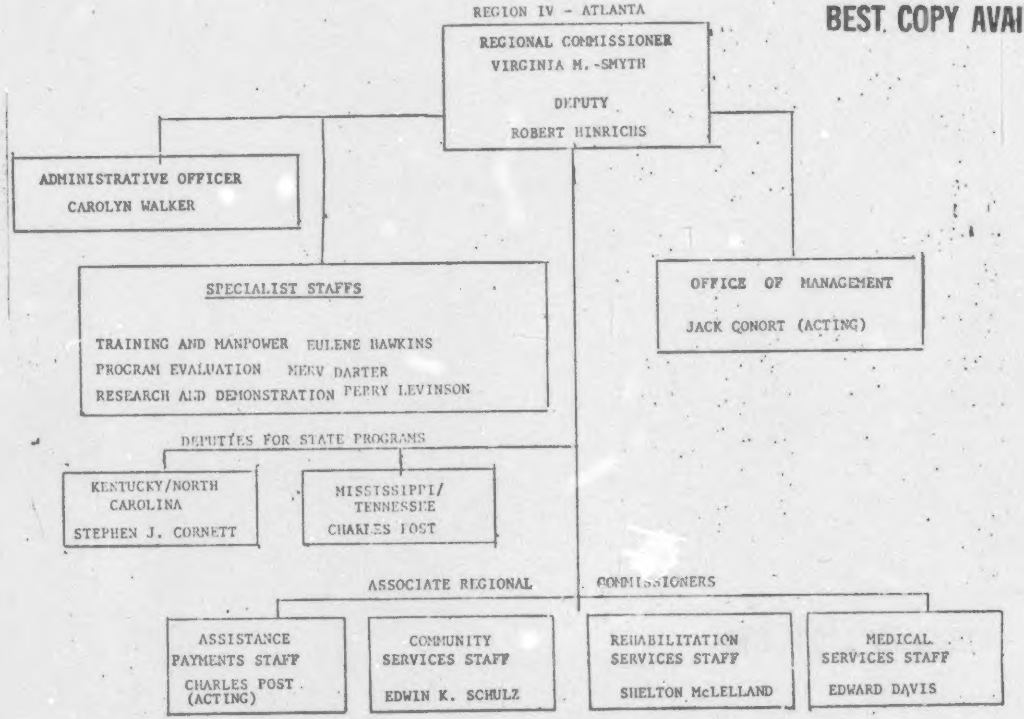
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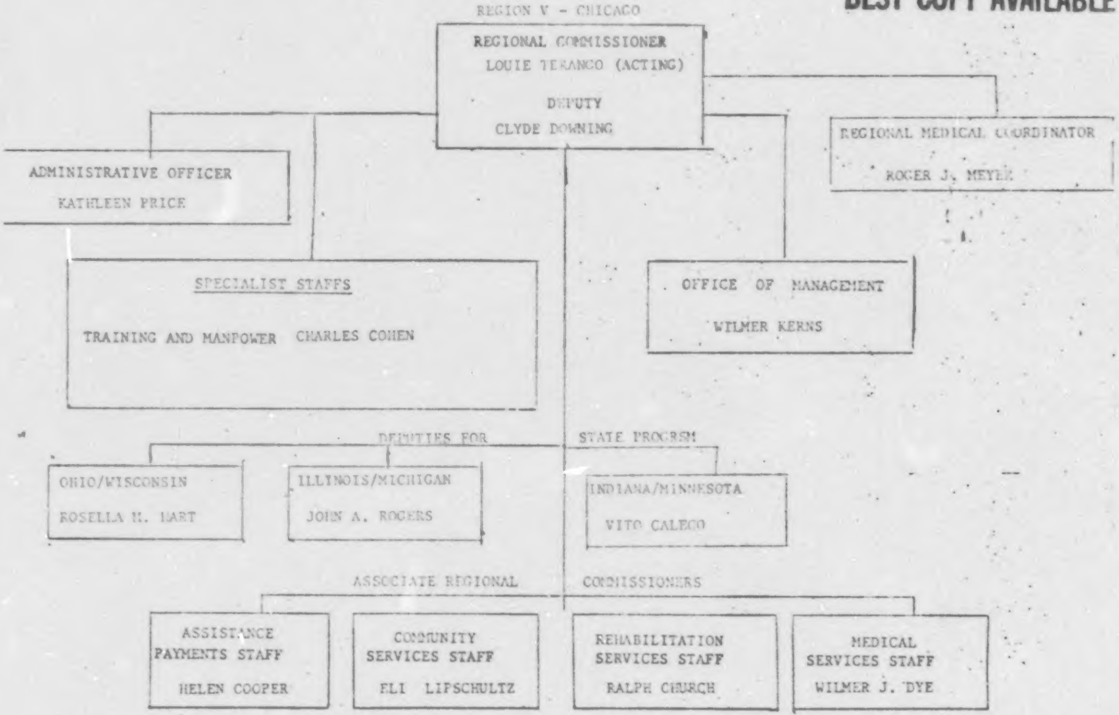
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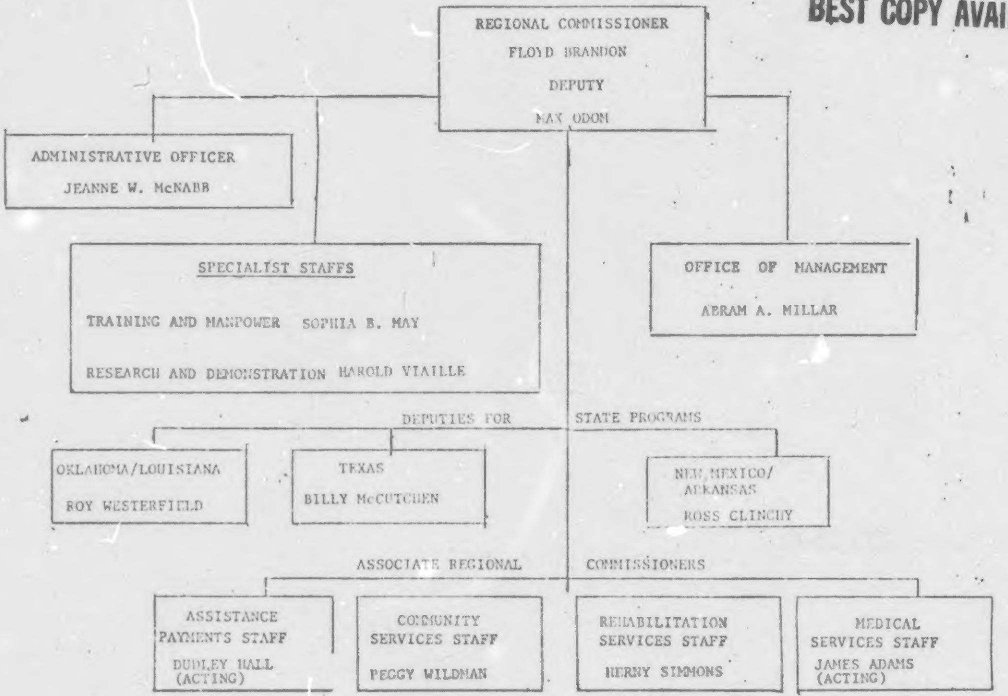
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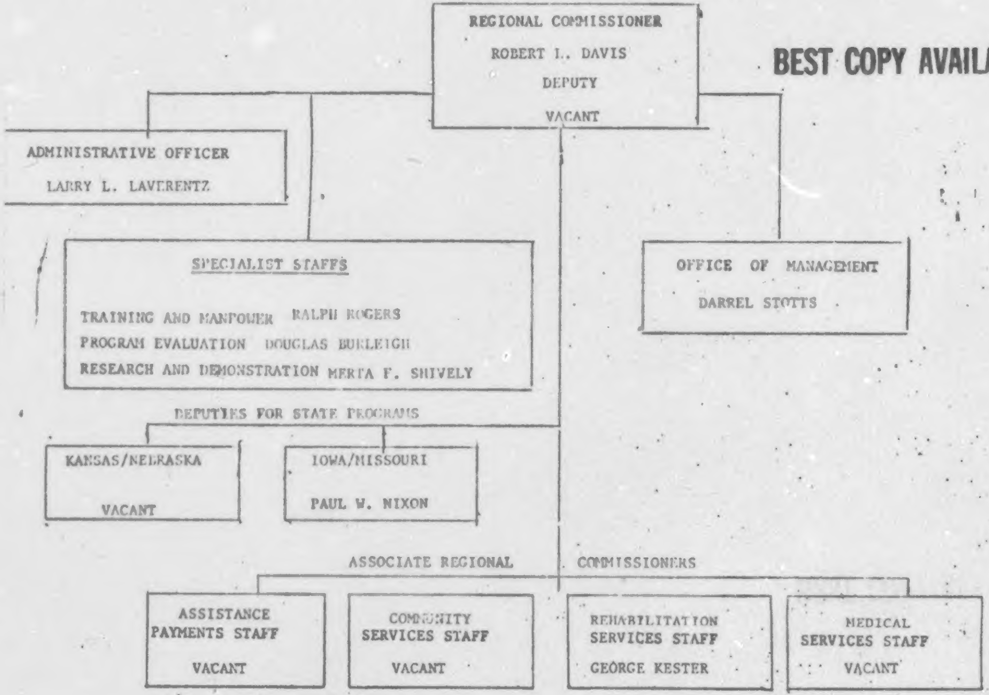
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MEDICAL SERVICES STAFF
VACANT

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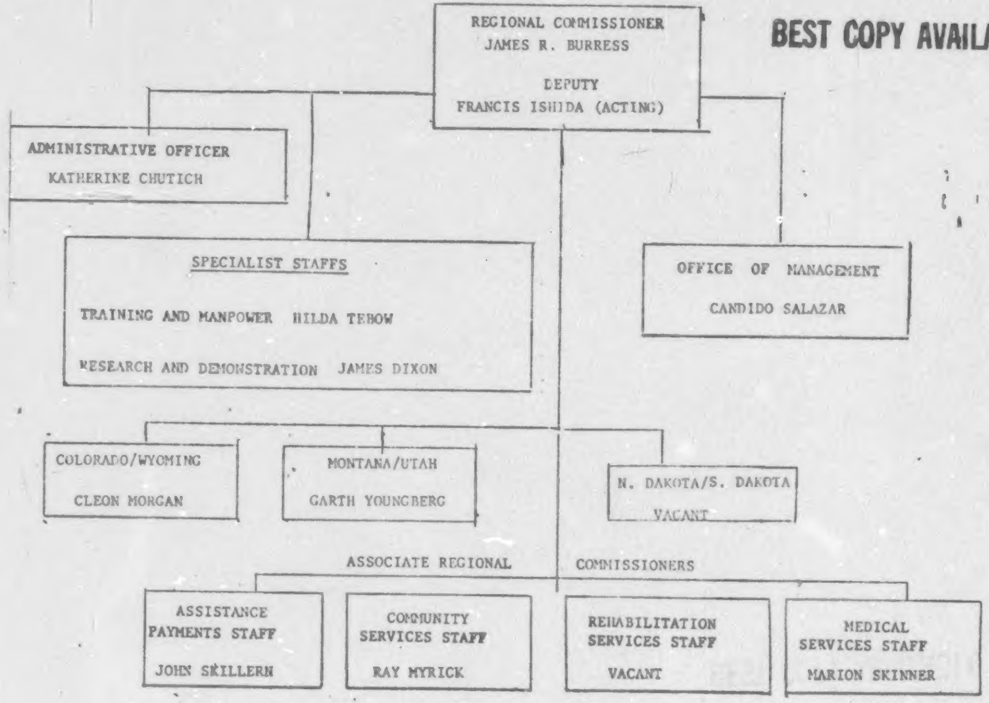
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CLEON MORGAN
MONTANA/UTAH
GARTH YOUNGBERG
N. DAKOTA/S. DAKOTA
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VACANT
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MARION SKINNER

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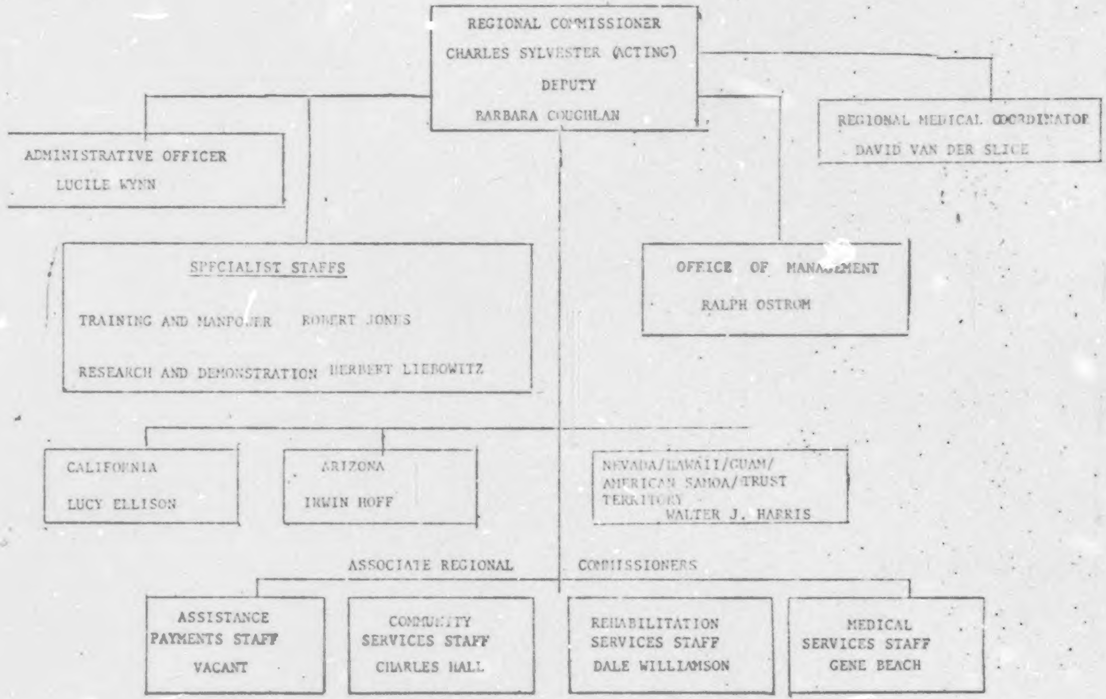
REGIONAL COMMISSIONER
CHARLES SYLVESTER (ACTING)
DEPUTY
BARBARA COUGHLAN
REGIONAL MEDICAL COORDINATOR
DAVID VAN DER SLICE
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LUCILE WYNN
SPECIALIST STAFFS
TRAINING AND MANPOWER ROBERT JONES
RESEARCH AND DEMONSTRATION HERBERT LIEBOWITZ
OFFICE OF MANAGEMENT
RALPH OSTROM
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ARIZONA
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WALTER J. HARRIS
ASSOCIATE REGIONAL COMMISSIONERS
ASSISTANCE PAYMENTS STAFF
VACANT
COMMUNITY SERVICES STAFF
CHARLES HALL
REHABILITATION SERVICES STAFF
DALE WILLIAMSON
MEDICAL SERVICES STAFF
GENE BEACH

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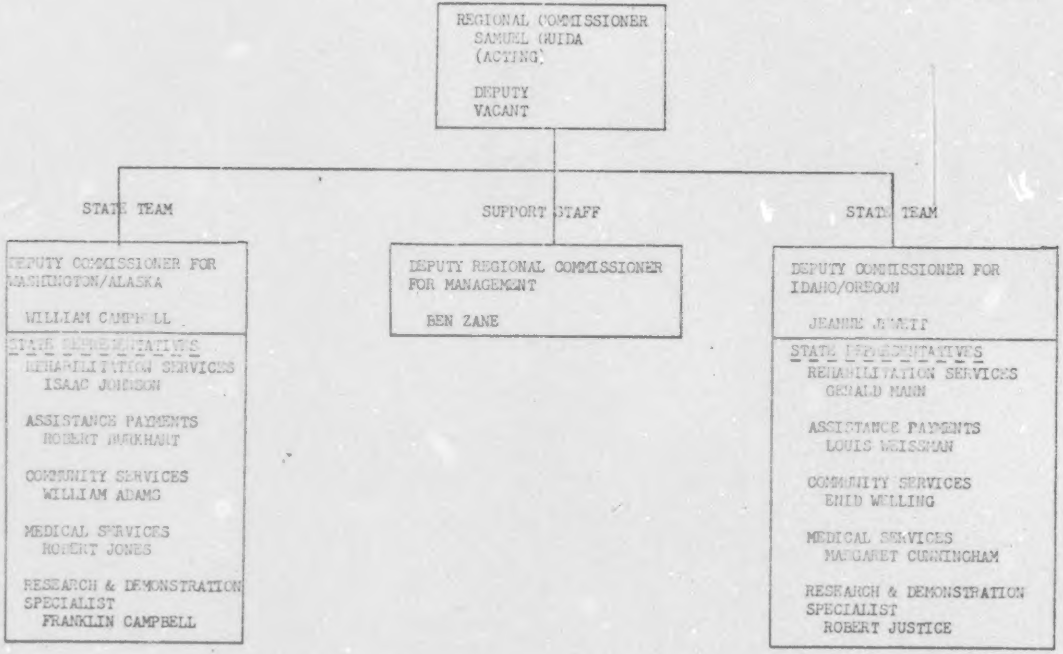
SOCIAL AND REHABILITATION SERVICE

REGION X - SEATTLE


REGIONAL COMMISSIONER
SAMUEL GUIDA
(ACTING)
DEPUTY
VACANT
STATE TEAM
SUPPORT STAFF
STATE TEAM
DEPUTY COMMISSIONER FOR WASHINGTON/ALASKA
WILLIAM CAMPBELL
STATE REPRESENTATIVES
REHABILITATION SERVICES
ISAAC JOHNSON
ASSISTANCE PAYMENTS
ROBERT BURKHART
COMMUNITY SERVICES
WILLIAM ADAMS
MEDICAL SERVICES
ROBERT JONES
RESEARCH & DEMONSTRATION SPECIALIST
FRANKLIN CAMPBELL
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STATEMENT OF SAM McCONNELL, CHAIRMAN, HEALTH AND WELFARE COMMITTEE, LEGISLATOR OF THE STATE OF ARIZONA

ARIZONA DEPARTMENT OF ECONOMIC SECURITY—VOCATIONAL REHABILITATION PROGRAM

Neither Federal legislation nor Federal regulations, based on the Vocational Rehabilitation Act, have provided for a comprehensive single State agency responsible for the delivery of multiple categorical program services through a single organization.

The Arizona Department of Economic Security is unique in State human resource departments. It is not an umbrella agency. It is a single State agency and the director is responsible, with line authority, for all direct consumer services. A single unbroken line of authority exists from the director down to the individual who provides client services to the consumer.

Program quality and integrity is preserved and accounted for by staff bureaus who provide the technical assistance needed by any line organization. In addition to program and procedures development as well as assistance to the line organization as changes are implemented, the staff bureaus are responsible for a continuing monitoring and evaluation of the direct delivery of services to consumers. They assure that people who are eligible for and can benefit from services are served.[1] They assure that positive results are being achieved through the delivery of services to people. They assure that the resources are distributed geographically and by client group on an equitable basis. They assure that the line organization does not direct resources from one categorical program to another. They assure that program linkages are formed that maximize the utilization of resources available through any one single program and prevent inappropriate utilization of one program resource, even though it may be legal, when another program has primary responsibility for providing that service. One classic example of inappropriate though legal utilization of Voc Rehab resources is the use of V.R. funds for medical costs, particularly for indigents, when health services have the legal responsibility, obligation, and financial resources to provide the medical services. Agreements with county health department and the State health services department are being and will be developed.

The fiscal integrity of a categorical funding source must also be guarded. Assurance that funds are spent only on those eligible for the expenditure and assurance that staff resources are expended only on those eligible to receive services must be maintained. This involves cost accounting controls and recording of staff time. Consumers receiving services, the services received, the results achieved, the employee time, the employee activities or the services provided to the specific consumer must all be recorded and charged to the appropriate categorical program. No categorical program can be charged for services provided to an ineligible consumer nor can services not authorized under a particular categorical program be charged even though the consumer is in need of those services and eligible for the program.

The budget development and control bureau, the accounting bureau, and the internal audit section share the responsibility for assuring continuing program fiscal integrity.

Now to some realities. No Federal categorical program, with the possible exception of an income maintenance program such as social security, is ever funded at a level sufficient to provide services to all those eligible and in need of services. Voc rehab in Arizona is not an exception. There are approximately 60,000 eligible handicapped individuals in Arizona. Careful use of resources permits the voc rehab program to provide services for up to 1/3 of the eligible recipients. The State must find other ways to provide the services that are demanded by the people that are eligible and in need of services. This can only be accomplished through utilization of other program resources available through the Department of Economic Security.

Consumers in need of human resource services are individuals with multiple problems and multiple needs. They are in need of personal counseling and, more often than not, family counseling. They need income for living expenses, both personal and family. They need training and retraining. They need medical assistance ranging from something as simple as eyeglasses to something as complex as open-heart surgery. They need employment placement assistance. Frequently the latter must take the form of employer subsidy such as O.J.T. or breakage and spoilage of the product. Transportation while in process and while in job entry, occupational license, employment bonding, and tools of the trade, to name just a few of the needs that can either be provided out of voc rehab funds, which in turn reduces the number to be served, or from other D.E.S. resources that can and do provide a fiscal response to these needs.

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[1] The vocational rehabilitation counselor in field offices establishes eligibility for vocational rehabilitation services, develops an individual rehabilitation law and authorizes the expenditure of vocational rehabilitation funds.

People, their lives, their families, future generations are at stake. Failure to support the family unit in this time of crisis results in breakdown of the family unit, divorce, delinquency, and the beginning of or the continuation of the poverty cycle. Continuation of fragmented categorical programs, each competing for a like or similar consumer group, none funded to meet either the universe of need or all of the services needed by the individual and the family unit, ignores the very real problem of individuals and family units.

Arizona has taken a massive forward step that no one has had either the courage or foresight to take. Arizona has combined social services, public assistance, unemployment insurance, employment services, vocational rehabilitation, veterans services, apprenticeship program, economic opportunity programs, and comprehensive manpower planning in an effort to meet the universe of need for services through a delivery of comprehensive services that maximizes the positive aspects of each program. We did not create the categorical program authority and arouse the expectations of the eligible consumer groups. We did not recommend a level of funding far below the level of need. We did take a positive step in combining resources in order that more eligible consumers would be served with increased positive results. We are eliminating administrative overlap in categorical programs! We are eliminating duplication of effort and administrative cost. In short, in Arizona we will get more "bang for the buck!"

Arizona has designed, through legislative action, a comprehensive delivery system that goes beyond concern for private fiefdoms and perpetuation of status quo. We care about people. We believe people in need of services are more important than organizational structure. We believe that an organization that is not responsive to the needs of people must change. Arizona has done something about it and in so doing has built in all of the needed checks and balances to assure program quality, program integrity, and program fiscal integrity. Controls have been developed and installed. We believe that today's demands for responsive government have created a crisis situation whereby you are either part of the problem or part of the solution. Arizona is part of the solution.

We will be more than willing to work with the individuals responsible for drafting regulations in an order to develop new Federal regulations that provide for and recognize this type of response to the needs of people. We will work with individuals responsible for drafting legislation that provides for this type of response to the needs of people. Let's not penalize consumers because existing regulations and legislation have not previously considered this innovative response to local consumer needs. We find ourselves at a crossroads. Either fund the programs at a level to meet the universe of need or provide the latitude for States to develop the best local response. We are all in accord that the quality, the program integrity, and the fiscal integrity must be preserved. Reasonable people can arrive at arrangements which will assure these concerns are met and people are served in a responsive manner that maximizes the available resources.

STATEMENT OF THE NATIONAL RECREATION & PARK ASSOCIATION ON VOCATIONAL REHABILITATION PROGRAMS

Mr. Chairman, we appreciate this opportunity to present our views on the Vocational Rehabilitation programs of the U.S. Department of Health, Education and Welfare.

The purpose of this statement is two-fold. First, to discuss the role and importance of recreation and leisure services in the successful rehabilitation of the handicapped and disabled of our nation; second, to express our grave concern over the lack of commitment shown by the Administration to rehabilitation of the disabled and the Administration's apparent disdain for Congressional mandates in carrying out rehabilitation programs.

The National Recreation and Park Association is the nation's principal public interest organization representing citizen and professional leadership in the recreation and park movement in the United States and Canada. NRPA's membership of some 18,000 includes professionals working in public park and recreation agencies, members of policymaking boards and commissions, educators, leaders in the private recreation and leisure industry, and concerned lay citizens. We are dedicated to improving and expanding opportunities for personal development and fulfillment through parks, recreation and leisure activities for all our nation's citizens.

The National Therapeutic Recreation Society (NTRS) is one of the professional branches of the National Recreation and Park Association. The members of this branch are specifically concerned with the improvement and expansion of recreation and leisure opportunities for the ill, handicapped and disabled, and with the use of recreation in the rehabilitation field. NTRS is comprised of over 1,000 professionally trained members presently providing recreation services for the ill and handicapped in hospitals, institutions, and other treatment centers across the country.

The use of recreation and leisure in rehabilitation goes back many centuries, but only in recent years has it begun to be formally recognized as a vital part of a total rehabilitation program. We are now observing a great expansion in the use of recreation as a tool in the rehabilitative process and a great increase in the demand for professionally trained therapeutic recreation specialists.

It was, in fact, the Vocational Rehabilitation Administration of HEW that gave impetus to this growth. In the early 1960s, that agency began to provide funds for graduate training in recreation for the ill and handicapped. Through these training programs over 300 individuals were professionally prepared and are now providing leadership in the Therapeutic Recreation field.

Since the early 1960s, there has been a steady increase in therapeutic recreation curricula. Over 75 colleges and universities now offer specialized training in this area of service. In practice, most agencies providing rehabilitation services now employ a therapeutic recreation specialist as part of the rehabilitation staff. The need for such programs and people is reflected in the standards adopted by the Joint Commission of Accreditation of Hospitals, which require recreation and activity programs in adult and child psychiatric facilities, and in community based and residential facilities for the mentally retarded. The joint Commission is presently developing standards for recreation programs in drug abuse treatment centers. All of this indicates the growing recognition that recreation services do play an important role in the rehabilitation progress, and that professionally trained people must be made available.

The current guidelines for the administration of the Rehabilitation Services Administration specifically lists recreation services as part of the training program, and as an itemized service of rehabilitation facilities. The Older Americans Comprehensive Services Amendments of 1973 include recreation as an optional program, and the programs for the development of the mentally disabled specifically mention recreation as an authorized service for which funds can be expended.

Yet, even with the recognized need and increasing demand for therapeutic recreation services, the total amount actually expended for recreation under these programs is miniscule. When cutbacks were to be made in the RSA training program, recreation was the first to be affected.

The National Recreation and Park Association urges that:

Greater emphasis be placed on the role of recreation in the nation's rehabilitation efforts.

RSA training programs be enlarged and strengthened to help meet the need for more professionally trained therapeutic recreation specialists.

Recreation programs under the Developmental Disabilities program should be expanded and more research conducted to determine the specific contributions and impact of recreation and leisure on rehabilitation.

Our Association followed with keen interest and full support the efforts of Congress to enact the Rehabilitation Amendments of 1973. Even though the bill is now law, we still see evidences of continued cutbacks in programs specifically mandated by the new bill. We have already mentioned the significance of the RSA training programs to our field of service. Over the past few years we have seen the gradual cutback of support to training programs, particularly in recreation.

We are very pleased that the new bill contains authorization for $27.7 million to continue these training programs, and we are hopeful that appropriations will enable these programs to thrive. Of considerable concern to us, however, is the present administrative climate. We understand that the Rehabilitation Services Administration is still operating under an administration directive that ALL training programs will be ended by August of 1974. In light of the fact that the new bill specifically authorized continuation of these programs, in accord with the recommendations of all professional groups in the rehabilitation field, including our own, we fail to understand this action to the contrary.

Mr. Chairman, we compliment the Subcommittee on recognizing the need for oversight hearings on this subject. We are speaking here of the most fundamental needs of Americans who are often shortchanged because they cannot take full advantage of the services provided by government to those of us fortunate enough to have full use of our bodies and our intelligence. These people do not wield great power at the polls and they do not organize advertising campaigns to obtain their rights. They look to you, as elected representatives with special concern for their interests, to see that those programs and activities which help to make life more normal and more livable will be continued and enlarged, rather than curtailed and terminated. We are confident that the Congress will fulfill its responsibilities to these citizens and we appreciate this opportunity to give full support to your efforts.

ROCKLEDGE, FLA., *November 6, 1973.*

Representative JOHN BRADEMAS,
Longworth House Office Building,
Washington, D.C.

DEAR MR. BRADEMAS: Thank you so much for your great interest in Vocational Rehabilitation. It is certainly heartening to find a man who wants to help people and particularly the handicapped. I was completely dumbfounded and sick when I read the Oversight Hearings on Vocational Rehabilitation August 3, 1973.

I was not at the N.R.A. Convention in Atlantic City but I am told you were one of the most welcomed speakers there. I understand that the Hearings are going to resume shortly and that you are interested in input and questions to be raised to the Committee.

Regarding the health services component of Vocational Rehabilitation, if this were taken away from us, I would want to know who would provide the medical care if Medicaid were expanded. I know of only two general practice physicians in our County of 240,000 people who will accept Medicaid patients. Most physicians are sold on Vocational Rehabilitation but I think you will find only a few physicians who have any respect for Medicaid.

Regarding the training component of Vocational Rehabilitation there is no way the Basic Grants Program could substitute the counseling and guidance provided by V.R. Counselors. Most V.R. clients going into training need extensive counseling, guidance, testing and follow-up. A client in training is closely supervised. Who would give close supervision and guidance to assure the handicapped was getting the appropriate training under the Basic Grants Program? Without it, it would be like pouring money down the drain.

In Florida, the cash assistance component of the program is used only when otherwise the client could not be rehabilitated without it. There are some people left who have too much pride to go on Welfare. We also use cash as an incentive to get employers to hire some of the more severely disabled. As an example, an employer may be reluctant to hire a mentally retarded person and we might provide part of the client's salary during the training, which assures the employer that he is not going to lose by giving the client a chance. This is a most effective way to enter handicapped persons into the labor market. Welfare monies could not be used for this purpose.

Regarding the counseling function being subsumed by the counseling and referral function of the social services program, this is so unrealistic I can't believe it. State Welfare program personnel are not trained in counseling the handicapped and particularly in vocational counseling. They know little or nothing about vocational planning which is a real specialty within itself. Over the past 21 years I have worked with hundreds of Welfare workers and I dare say I have met few if any who have had any training in counseling. I don't mean to knock welfare programs but we are talking about two different "ball games".

I don't feel I have given you much input, however with others writing to you perhaps this may add a little information that will be of some help. Your continued support of Vocational Rehabilitation is so much appreciated.

Very sincerely

WILLIAM O. COX,
District Director, Division of Vocational Rehabilitation.

OREGON COUNCIL OF THE BLIND, INC.

RESOLUTION 73-04

Resolved, by the Oregon council of the Blind in convention assembled at Bend, Oregon:

(1) That this Convention commend Representative John Brademas of Indiana for his efforts to preserve the integrity of the federal vocational rehabilitation program.

(2) That this Convention express its outrage at the attempt by certain officials of the United States Department of Health, Education, and Welfare to dismantle the federal vocational rehabilitation program without prior Congressional approval.

(3) That this Convention urge Representative Brademas to carry forward the vocational rehabilitation oversight hearings.

(4) That the Council Secretary is instructed to transmit a copy of this Resolution to Representative Brademas.

Adopted October 21, 1973.

MILDRED LAMB,
Secretary.

UNIVERSITY OF WISCONSIN-STOUT,
Menomonie, Wisc., November 1, 1973.

Hon. VERNON W. THOMSON,
House of Representatives,
Washington, D.C.

DEAR VERNON: Thank you for your interest and follow up on the in-house HEW memorandum by Mr. Morrill. I feel that you are correct in saying the letter from Secretary Weinberger is meant to be reassuring without revealing any facts. I share with Congressman Brademas's belief that the Morrill in-house memorandum represents more than just ongoing evaluation. I believe it represents program direction by the Department of HEW based on ideology and not upon established facts and evidence.

Congressman Brademas in the oversight hearings of last August noticed that witnesses from HEW, namely Mr. Dwight (Administrator of SRS) and Mr. Morrill (Assistant Secretary for Planning and Evaluation) began by quoting Secretary Weinberger in praising vocational rehabilitation as one of the most effective federal programs. However, Congressman Brademas noted that while praising vocational rehabilitation on the one hand they produced a major in-house document that begins with the statement that vocational rehabilitation is ineffective and that they devote most of the document to a plan that would dissolve the vocational rehabilitation program. Congressman Brademas claims that they would do so based on ideology and not upon facts. He was able to establish during the oversight hearings that neither Mr. Dwight nor Mr. Morrill were able to speak to the needs of vocational rehabilitation or to present evidence that vocational rehabilitation was ineffective. It is the ideological beliefs of this kind of administration that believes in decentralization and reduction of federal involvement in domestic programs which serve as the foundation for HEW planning.

Mr. Dwight and Mr. Morrill attempted to claim in the oversight hearings that this was nothing more than an in-house planning document that should not be taken too seriously. They stated on a couple of occasions that no action would be taken without coming to Congress for appropriate legislative action. However, Congressman Brademas dismissed this stating that the evidence was otherwise and that the Administration would attempt to dissolve the program with or without congressional legislation. He pointed out that the memorandum speaks of urging rhetoric that would not create anxieties while proceeding in their plan to management direction (oversight hearings—page 40). Congressman Brademas also stated that he could not accept this as a planning document without considerable significance in light of the fact that the acton of the Administration has resulted in "two vetoes by the President of the rehabilitation programs, the Administration trying to kill their training programs for VR for fiscal 1974, total opposition on the part of the Administration to facility construction programs in the VR field, declining support for research in VR, and a policy for allowing the VR programs to diminish (oversight hearings—page 41)."

I would note that the Administration is already dissolving parts of the VR program by eliminating the training program and severely cutting research. This is probably the first step in attempting to attain their goals as these are the two easiest points to attack in the entire VR program. I would also note that this is being done against congressional desires as indicated by recent legislation passed by Congress. It appears to me that this Administration will proceed with its ideological beliefs despite the will of Congress and the law of the land. They also appear to be doing it by a procedure that they themselves have indicated in their in-house memorandum. This procedure is maintaining rhetoric in one direction and management procedures in another direction.

I could go on to extensive length about this situation but will not. It is my understanding that Congressman Brademas will hold a second oversight hearing in December. I would strongly urge you to support Congressman Brademas in his hearings and in his work.

Sincerely yours,

PAUL R. HOFFMAN, *Ed. D., Chairman.*

DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES,
DIVISION OF VOCATIONAL REHABILITATION,
Rockledge, Fla., November 6, 1973.

Representative JOHN BRADEMAS,
Longworth House Office Building,
Washingon, D.C.

DEAR REPRESENTATIVE BRADEMAS: I am writing in response to your invitation at Atlantic City to send you questions concerning the Oversight Hearings. I will be brief.

1. Messers. Morrill and Dwight could do well to study the difference between a disabling condition and a handicap. One is a limitation of function, the other is the effect that limitation has on the person on the job. They write off non-severely disabled clients as "questionable." Many times the individual with the less severe disability can be more severely handicapped. I've seen a quadriplegic who wasn't handicapped in his job at all. I've also seen a man with a completely handicapping hernia.

2. Knowledge of the residual functional capacity of disabling conditions, future medical prognosis, handicapping effects, future work prognosis, and matching this up to an appropriate career after testing the client's capacities really is not the function of any other agency. What social worker would be able to work with the deaf, blind, mentally retarded, or those with mental problems. Mr. Morrill is reducing human problems to statistics and he should know better.

3. I do not believe funding the individual for training will be any more successful than the veterans' programs with their high dropout rate. Can you imagine persons with certain types of disabling conditions planning appropriate training for themselves. On-the-job training situations are the only kind suitable for some persons. These are developed by vocational counselors in face-to-face talks with employers. I don't think many disabled clients have the expertise to do this.

Thank you for your interest and leadership in this area.

Sincerely,

THOMAS E. PYNE,
Supervising Counselor.

Resolutions Adopted by the 1973 National Rehabilitation Association Delegate Assembly, October 29, 1973, Atlantic City, N.J.

RESOLUTION I—APPRECIATION TO CONGRESS

WHEREAS, the Rehabilitation Act of 1973, is now law, and

WHEREAS, the signing of the bill (PL 93-112) following lengthy and difficult hearings and the veto by the President of two excellent and progressive rehabilitation acts, and

WHEREAS, in the face of these difficulties, the leaders of the House Committee on Education and Labor and the Senate Committee on Labor and Public Welfare never waiver in their determination to secure enactment into law of legislation that would permit an expansion and improvement of rehabilitation services to handicapped individuals, and

WHEREAS, these efforts finally succeeded,

BE IT RESOLVED, that the National Rehabilitation Association express its profound appreciation and admiration for the efforts of Members of Congress of both parties that produced the final legislation, and that the sense of this resolution be conveyed to these individuals.

RESOLUTION II—OVERSIGHT HEARINGS

WHEREAS, the Select Education Subcommittee of the House Committee on Education and Labor, chaired by Rep. John Brademas, has begun oversight hearings on vocational rehabilitation in an effort to determine the policies and plans of the Administration relative to programs financed under the Rehabilitation Act, and

WHEREAS, the testimony of high Administration witnesses reveals a lamentable lack of understanding of the purpose of rehabilitation and the practices employed in the rehabilitation of handicapped individuals, and

WHEREAS, some Administration officials appear to be giving serious consideration to administrative alternatives which would result in the dismemberment of rehabilitation programs,

BE IT RESOLVED (1) that the National Rehabilitation Association expresses its appreciation to the House Committee on Education and Labor for conducting these oversight hearings and urges their continuation until the plans of the Administration for the future of vocational rehabilitation are made clear, and (2) that the National Rehabilitation Association offers its assistance to the Committee in every possible way in this important undertaking.

RESOLUTION III—APPROPRIATIONS FOR REHABILITATION SERVICES

WHEREAS, the need for rehabilitation services is great and financial resources to provide such services inadequate, and

WHEREAS, this Administration, while affirming its faith in the effectiveness of the rehabilitation programs and its intention to strengthen them has, nevertheless, (1) vetoed two versions of the Vocational Rehabilitation Act of 1973, principally because of high appropriation authority, (2) withdrawn support of construction and staffing of rehabilitation facilities, (3) recommend a reduction of funds for rehabilitation research, (4) announced its intention to phase out federal support for training of rehabilitation personnel, (5) recommended appropriations for the state-federal vocational rehabilitaton program scarcely sufficient to maintain its service level, (6) weakened the Rehabilitation Services Administration by transferring of personnel and authority to other levels of HEW, and

WHEREAS, these trends, if not reversed, will surely result in a less comprehensive and effective rehabilitation service program for handicapped individuals, and

WHEREAS, the end of United States involvement in East Asia should free financial resources for human service programs,

BE IT RESOLVED, that the National Rehabilitation Association urge the Administration to review promptly its current policies with respect to the support of rehabilitation programs authorized by the Vocational Rehabilitation Act, particularly as these are related to preventing and overcoming dependency and the restoration of independence to severely disabled individuals, and

BE IT FURTHER RESOLVED, that the National Rehabilitation Association will urge the Administration to recommend and Congress to appropriate such sums as are needed to assure continued growth and increased effectiveness of rehabilitation programs, and

BE IT FURTHER RESOLVED, that the National Rehabilitation Association will enlist its own members at all levels of the Association and the support of other organizations to implement this resolution.

RESOLUTION IV—FEDERAL SUPPORT OF TRAINING FOR THE REHABILITATION PROFESSIONS

WHEREAS, federally supported training programs for rehabilitation personnel have been a source of strength to rehabilitation agencies and of great benefit to handicapped people, and

WHEREAS, long term training programs administered through colleges and universities have supplied a steady stream of trained personnel for both public and voluntary rehabilitation agencies, and

WHEREAS, short term training programs have been invaluable in the training of rehabilitation personnel for specialized activities, and

WHEREAS, it is recognized that the complexity involved in the delivery of rehabilitation services requires specialized, in-depth training, and

WHEREAS, there is a distinct possibility that the benefits of various training programs at colleges and universities will be lost if the Administration's proposal to phase out federal support of training is permitted to take effect, and

WHEREAS, there is an undiminished need for training of the professions to insure the effective and efficient delivery of rehabilitation services to the handicapped.

BE IT RESOLVED, that the National Rehabilitation Association (1) urges Congress to continue to support such training programs with federal appropriatons not less than the 1973 fiscal year levels; (2) urges the President to reconsider his proposal to phase out SRS training programs in 1974 and to amend his budget proposal accordingly; (3) urges all organizations and individuals concerned with the rehabilitation of handicapped individuals to join the National Rehabilitation Association in its efforts to assure the continuation of federally supported training programs in the human services fields.

BE IT FUTHER RESOLVED, that the National Rehabilitation Association go on record as proposing the establishment and implementation of a well rounded program of rehabilitation training with a minimum of the following components: (1) A network of strategically located college and university training programs offering training at the graduate level to individuals preparing to work with handicapped people; (2) A system of university-based interstate training centers (at least one in each region); (3) Intra-state in-service training programs for employees at all levels; (4) Under-graduate human service training programs, the purpose of which programs will be to recruit suitable individuals into the human services field and provide them with training sufficient for the entry positions in any one of several agencies administering human service programs and for preparation for graduate education; (5) Short-term training on an interstate level in areas of special concern, concentrating upon specialized training problems which have high national rehabilitation priorities.

RESOLUTION V—STATE AND LOCAL ADMINISTRATION OF REHABILITATION SERVICES

WHEREAS, it appears to be in the intention of this Administration to encourage in any way possible state and local administration of direct service programs with minimum federal restraints, and

WHEREAS, it is attempting to implement this policy through proposals to Congress for special revenue sharing and through special projects in the absence of specific legislative authority, and

WHEREAS, states are establishing umbrella agencies to administer human service programs and in some instances attempting to establish patterns for delivery of services which appear not to be in the best interests of handicapped individuals, and

WHEREAS, the distinct probability exists that the identity of rehabilitation programs and rehabilitation funding will be lost under such proposals,

BE IT RESOLVED, that the National Rehabilitation Association will use its full resources to maintain at local, state and federal levels strong and visible vocational rehabilitation programs encompassing a unified system of services at administrative levels sufficiently high to assure exposure of the programs to the highest executive and legislative levels of government and in which the fiscal and administrative integrity of the agencies are maintained, and

BE IT FURTHER RESOLVED, that the National Rehabilitation Association will continue to encourage and support cooperative programming on a voluntary basis of rehabilitation agencies and other agencies providing services that are required by handicapped individuals.

RESOLUTION XIV—SEVERELY HANDICAPPED INDIVIDUALS

WHEREAS, in P.L. 93-112, Congress mandated R.S.A. and the state vocational rehabilitation agencies to give priority to serving individuals with most severe handicaps, and

WHEREAS, the National Rehabilitation Association long has advocated legislation that will assure that every handicapped individual, without regard to severity, has the opportunity to make the most of his potential, and feels that this legislation is a step in this direction,

BE IT RESOLVED, that (1) the National Rehabilitation Association commend Congress for including emphasis on services to the severely disabled in the new legislation, and the Administration for moving promptly to develop regulations and operating policies to put their concept into action; (2) that the National Rehabilitation Association offer its assistance to RSA in the development and implementation of policies that will result in the measurement of severe disability based upon functional limitations; (3) that the National Rehabilitation Association urge Congress and the Administration to cooperate in making resources available to make the promise of the legislation a reality, which will include resources for research, training of personnel, development and improvement of rehabilitation facilities, which will be required to serve additional severely disabled individuals, and funds to pay the very high cost of services.

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